



Item Number: 11b supp
Meeting Date: October 10, 2023

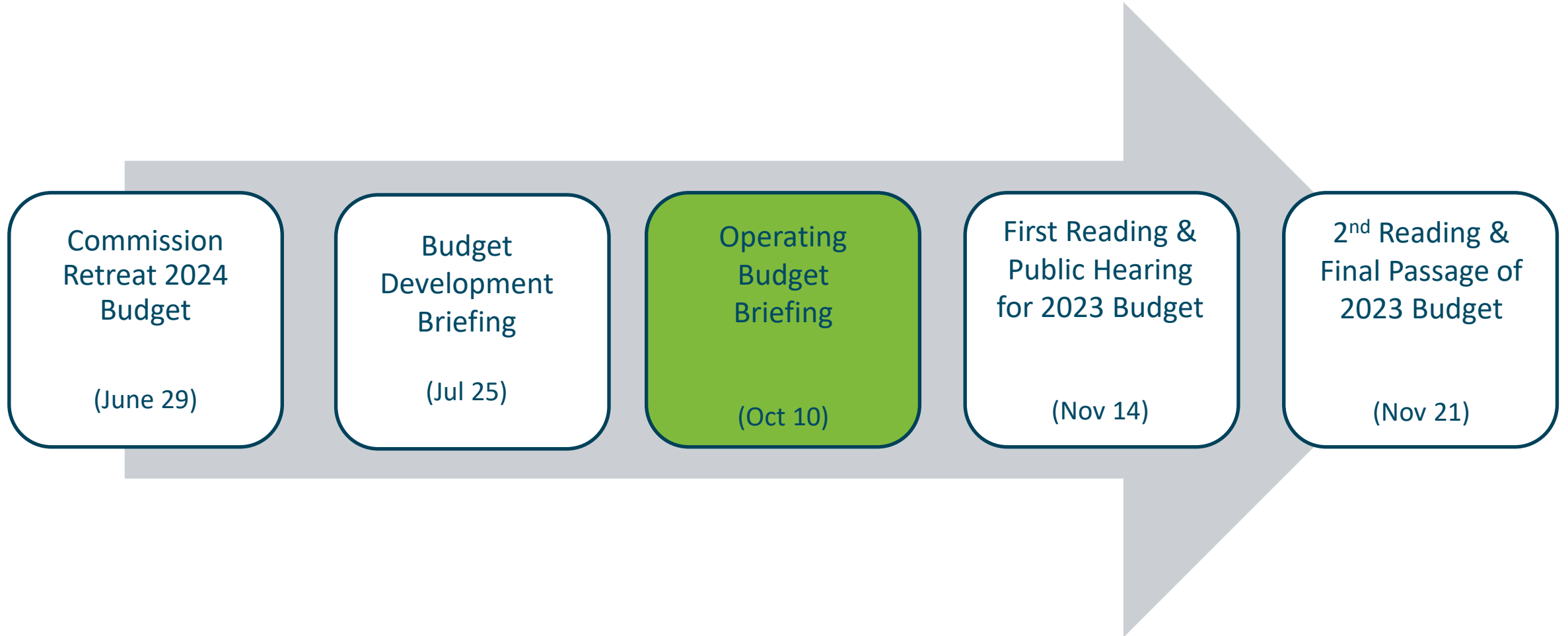


Seaport Operating Budgets & Capital Improvement Plan

2024 Preliminary Budget | October 10, 2023



2024 Division Budget Timeline



Agenda

Operating Budgets

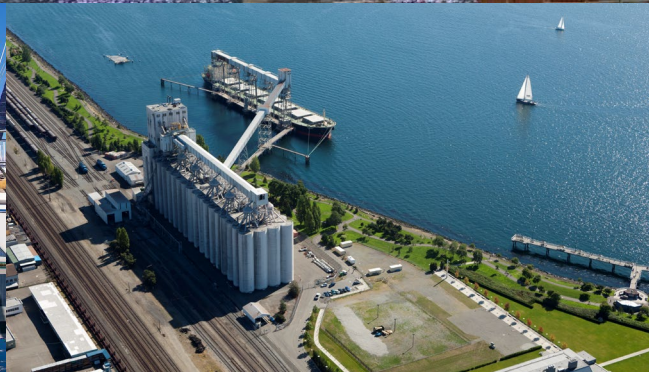
- Maritime Division including:
 - Joint Venture
 - Stormwater Utility
- Economic Development Division
- Rollup of Seaport (Non-Aviation)

Capital Improvement Plan (CIP)

- Maritime
- Economic Development
- Joint Venture

Note: Northwest Seaport Alliance CIP to be presented 10/27

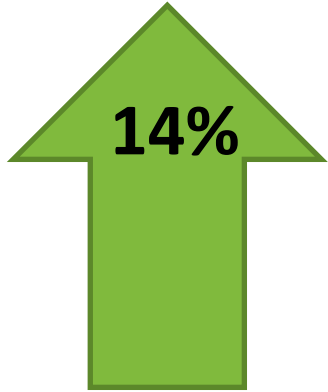
Maritime Division



2024 Preliminary Budget

Oct 10, 2023

Bottom Line Up Front: On Path to Self-Funding

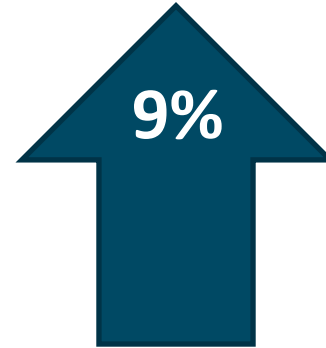


REVENUE

at \$86.1M up \$10.3M or
14% from 2023 Budget

Drivers:

- Cruise Occupancy
- Recreational Boating
- T106 Warehouse Lease
- Lower Grain Volumes



EXPENSES

at \$72.3M, up 9% or
\$6.2M from 2023 Budget

Drivers:

- Environmental Programs
- Port workforce
- Planning Department
- Inflation

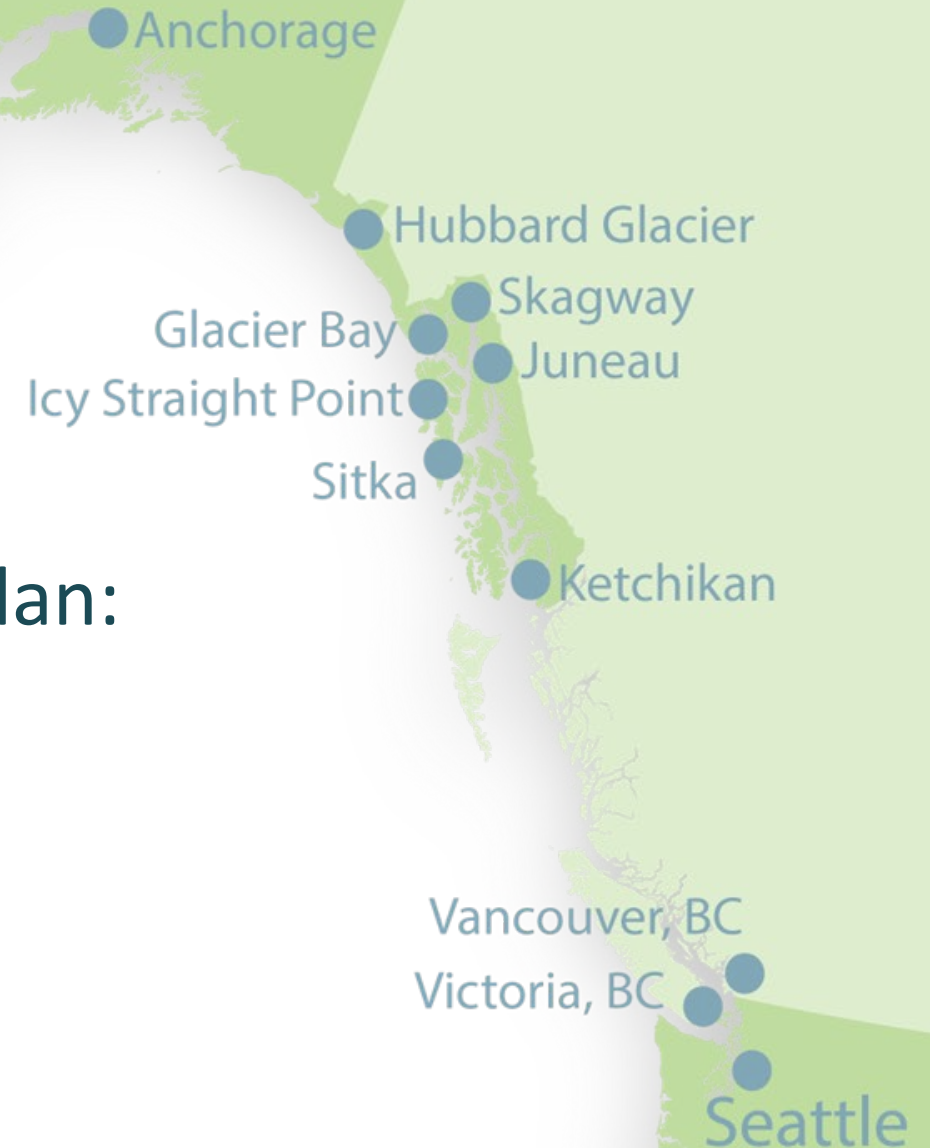
2024 Maritime Business/Budget Drivers

- Support long-term sustainable financial picture for Maritime Division
- Capital Delivery Process
 - Structure & resources to deliver growing CIP



2024 Maritime Business/Budget Drivers

- Advance Green Corridor Initiative
- Finalize & begin implementing Parks Management Strategy
- Implement Maritime Clean Air Action Plan:
 - Expand Shore Power
 - Develop & Implement Fleet Strategy



SWOT Analysis – Maritime Division



- Cruise leadership in green Port initiatives
- Diverse and desirable maritime & industrial properties
- Relationships with regulatory agencies and tribes
- PM team with industry experience and institutional knowledge, and strong ability to collaborate internally and externally.

- Cruise terminals require updates to remain competitive.
- Outdated processes lead to inefficiencies.
- Absence of clear strategic framework or master planning leads to unplanned and emergent work.
- Workload is straining capacity for some teams.

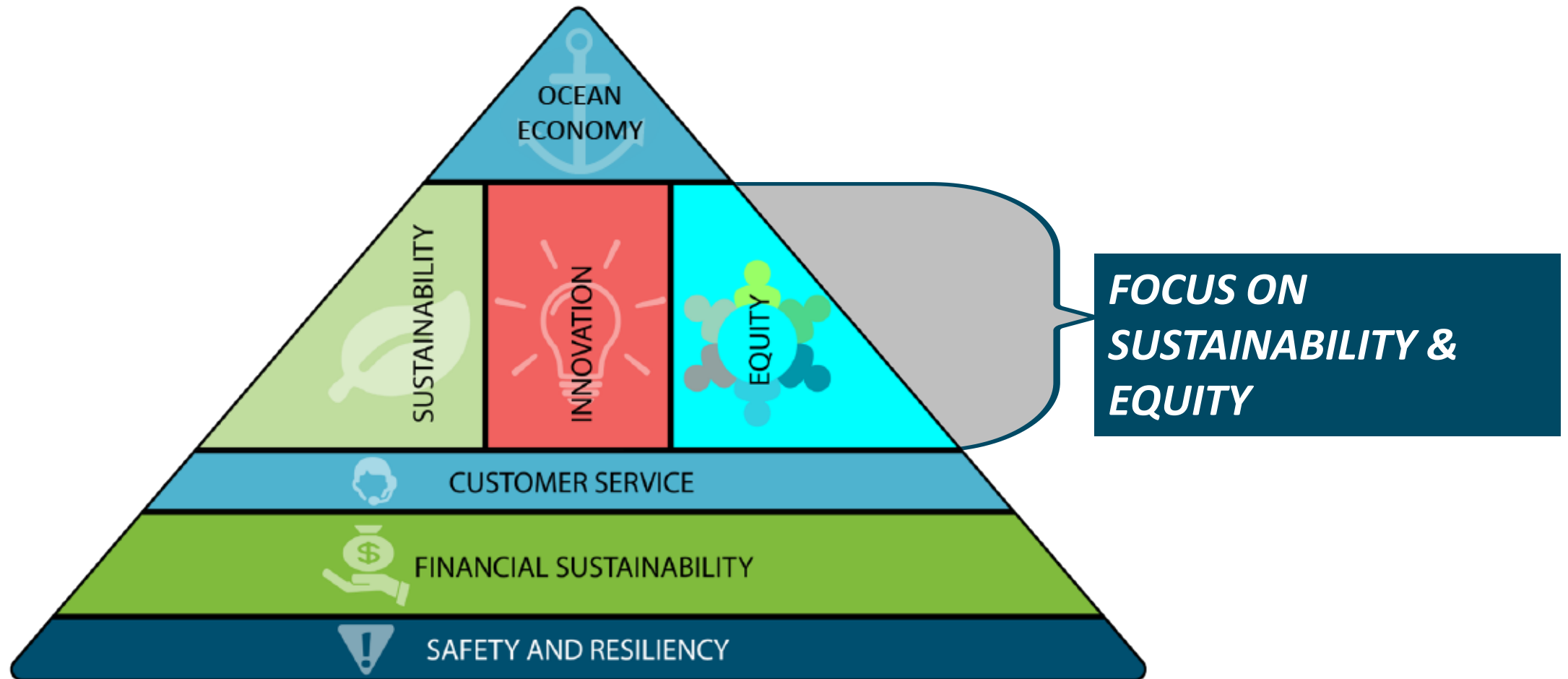
- Opportunity to include EDI/ENV priorities in agreements.
- Prepare the utility grid and plan for the future = resiliency.
- Maritime innovation initiatives can generate demand for space
- Strategic risk-based Asset Management that feeds capital investment decisions

- Lingering community concerns with cruise business lines
- Continued swings in cost predictability and supply chain impact project implementation.
- Rising security and safety incidents for port properties and our customers

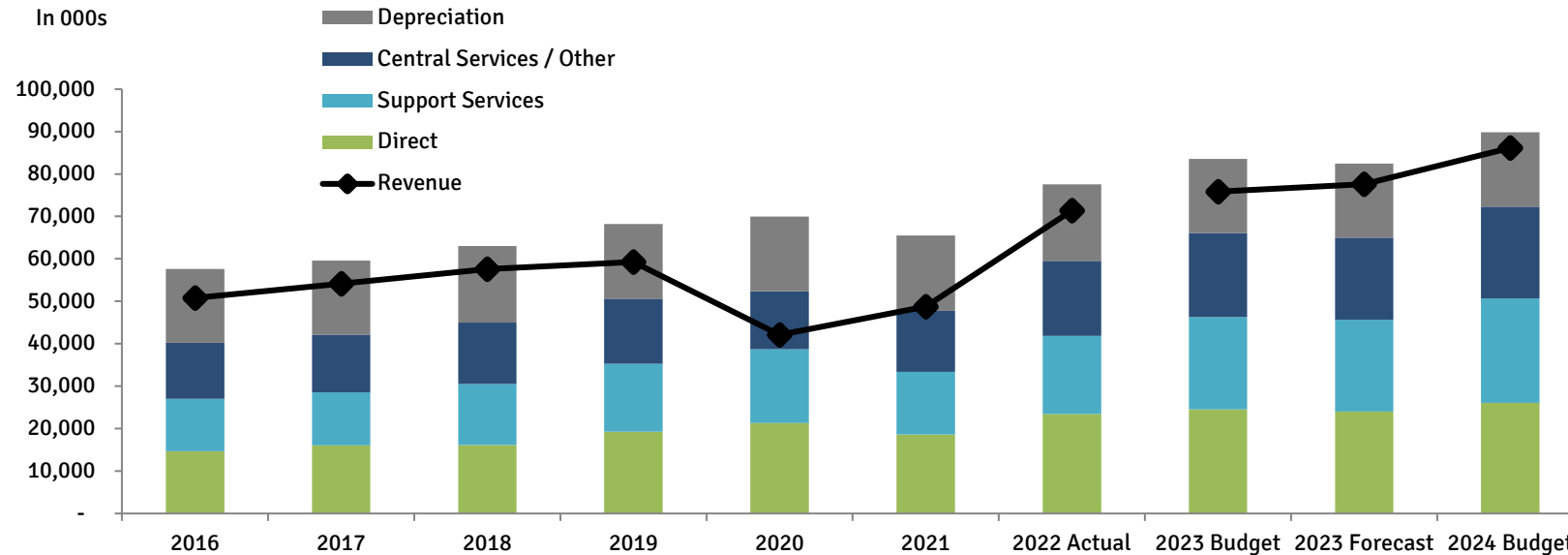
2024 Equity in Budgeting Highlights

- **Continued funds for Park Strategy Outreach** to increase community engagement and begin implementation of Parks Management Strategy.
- Added funding for external **Equity, Diversity & Inclusion Certification** for team members.
- Increased sponsorships that **support workforce development.**
- Outside services contracts and service directives have a **15-20% WMBE Goal.**
- Equitable **professional development/training** incorporated across all budgets.

Maritime Priorities 2024



Maritime Division Financial Trends



Growth Rates Since 2016

Revenue 70%

**Direct Expenses 78%*

Support Services 99%

Central Services 63%

Total Operating Exp. 80%

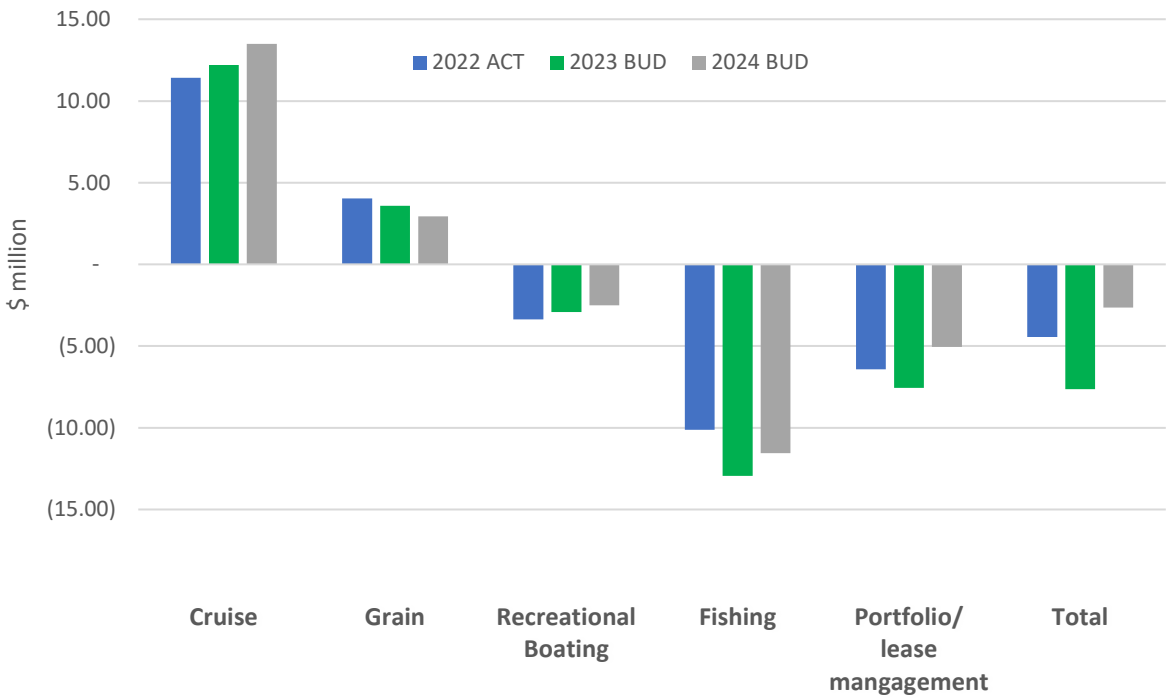
Depreciation 1%

** Would be 64% absent T46*

- Cruise and T106 ground lease lifting division to nearly break even when excluding T46 lease.
- Revenues up 14%. Anticipated to return to a normalized 3-7% growth in 2025.
- Expenses up 9% from payroll increases and annualization of 2023 new hires.

Maritime Net Operating Income (NOI) by Business

NOI Including Depreciation



Net Operating Income:

- NOI after Depreciation up \$4M from 2023 Budget.
- Cruise and the Grain Terminal income funds the other businesses and environmental initiatives.
- We are evaluating appropriate long term funding target to align business strategies and realities.

Maritime Revenues

- Overall planning a \$10.3M annual increase, or 14% above 2023 budget.
- Cruise budgeted at 100% occupancy on 276 sailings with 1.66M passengers.
- Grain Terminal volumes projected to be down 14%.
- Maritime Real Estate up 25% from T106 ground lease.

Recreational Marinas & Commercial Operations.

- Moorage, Service, Equipment, Storage rate increases:
 - Commercial Fishing & Maritime: 5%
 - Recreational Boating:
 - ≤ 42': 7%
 - Guest: 10%
 - >42': 12%
 - Salmon Bay Marina: 7%
 - Services: 10%

\$ in 000's	2019	2020	2021	2022	2023	2023	2024	Change from 2023	
	Actual	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$	%
Ship Canal Fishing & Operations	3,929	4,704	4,240	4,592	4,555	4,855	4,984	429	9%
Elliott Bay Fishing & Commercial Operations	6,095	5,752	5,618	5,975	5,253	5,453	5,731	478	9%
Recreational Boating	12,484	12,611	12,851	13,978	15,591	15,591	16,468	876	6%
Cruise	22,410	3,824	9,517	30,469	34,445	37,445	41,057	6,611	19%
Grain	4,266	5,142	6,112	5,792	5,814	3,814	5,191	(623)	-11%
Maritime Portfolio Management	10,108	10,074	10,392	10,550	10,192	10,392	12,697	2,505	25%
Other	(3)	4	7	10	24	24	4	(20)	-85%
Total Revenue	59,289	42,111	48,738	71,365	75,875	77,575	86,132	10,256	14%

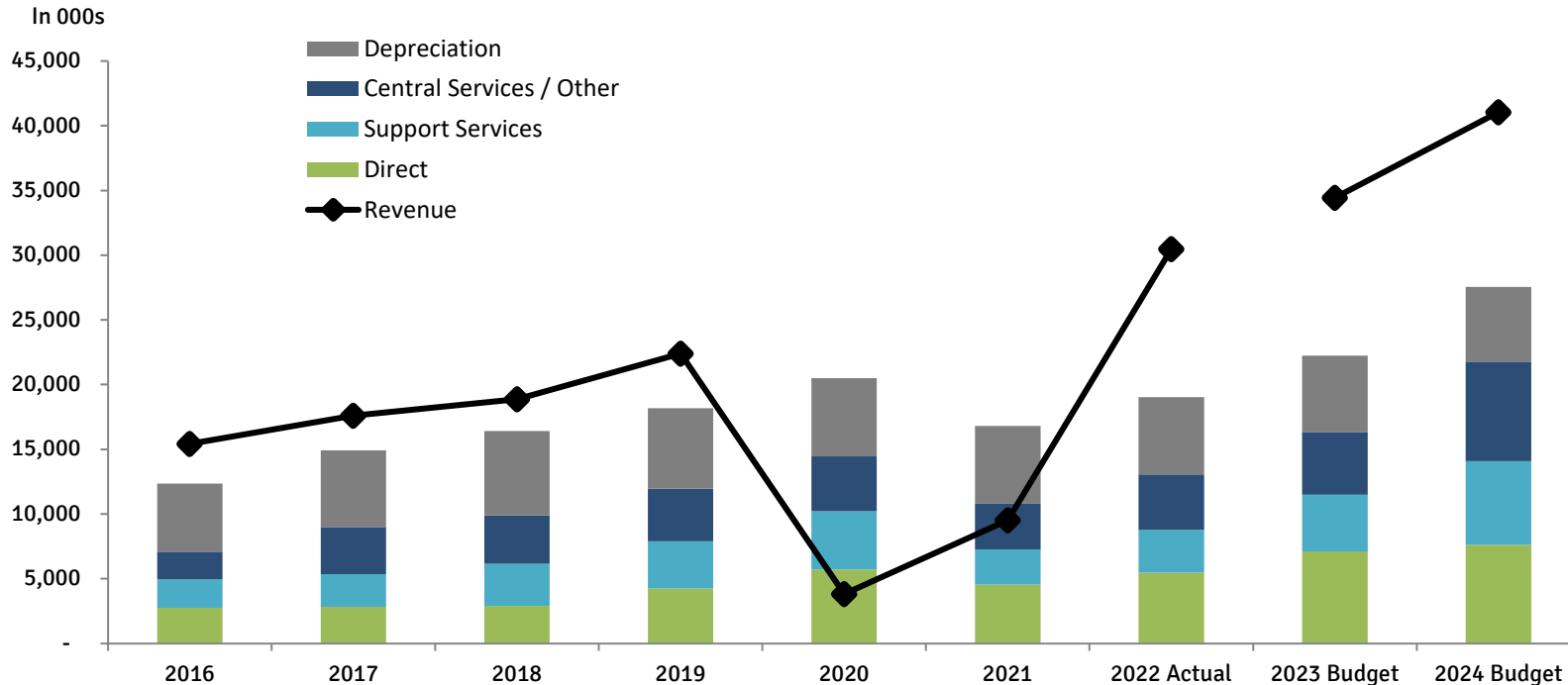
Maritime Expenses

- Up 9% Compared to 2023 Approved Budget
- Direct Expenses up \$1.5M: Planning Dept Strategy.
- Support Services up \$2.8M from increases: 1.) Maintenance, 2.) Environmental, and 3.) Less Charges to Capital.
- Central services up \$1.9M from 2023. Increased payroll cost and slightly higher standard allocation hitting Maritime.
- FTE's – 5 New; Supporting Environmental Maintenance, Capital Development, and Fishermen's Terminal.

	2019	2020	2021	2022	2023	2023	2024	Change from 2023	
\$ in 000's	Actual	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$	%
Expenses									
Total Direct	19,318	21,329	18,621	23,416	24,566	24,066	26,113	1,547	6%
Total Support Services	15,978	17,414	14,738	18,426	21,771	21,571	24,566	2,795	13%
Total Central Services / Other	15,309	13,614	14,426	17,714	19,783	19,336	21,653	1,870	9%
Total Expense	50,605	52,357	47,784	59,556	66,121	64,974	72,332	6,211	9%

*Note: Actual excludes pension adjustments and 2019 does not include \$2M payment to NWSA for T46.

Cruise Operations



Compared to 2023 Budget

Revenue up \$6.6M / 19%

- 100% occupancy
- Tariff increases from 6% - 8%
 - Weekend vs midweek rate

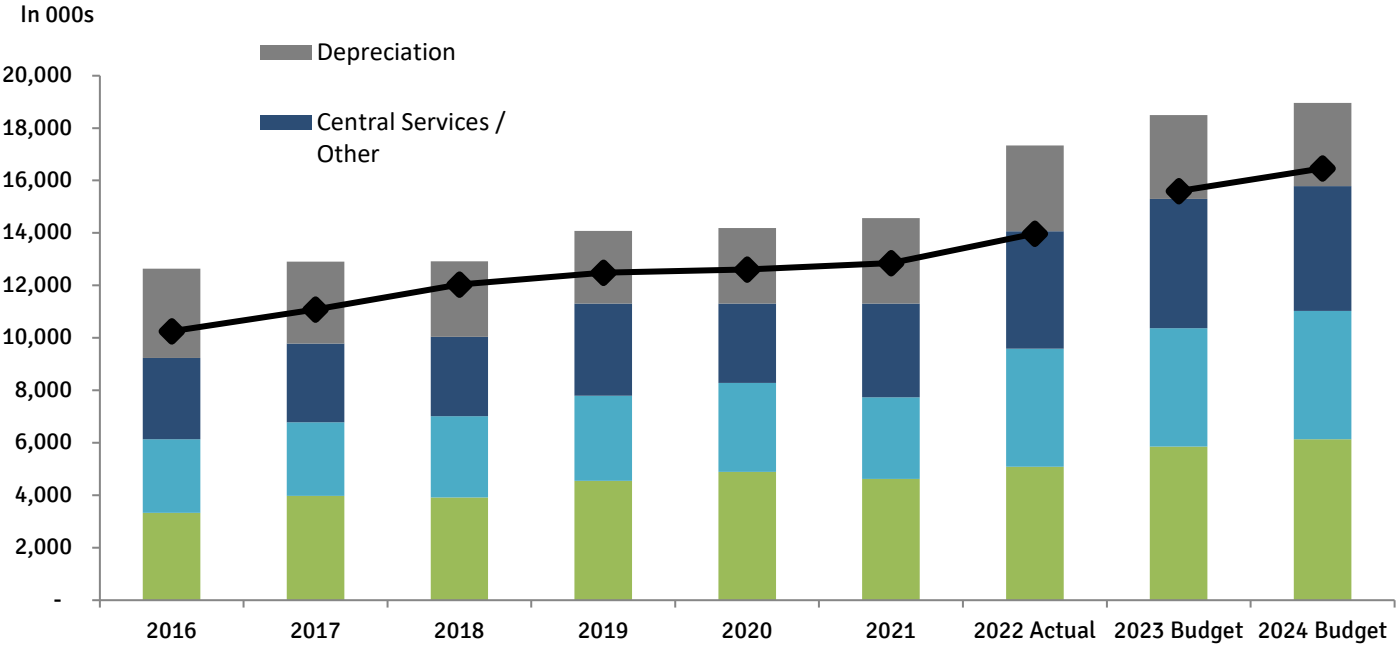
Direct Expenses up \$531K / 8%

Support Services up \$2,054K / 47%

Central Services up \$2,837K / 59%

Depreciation down \$114K/2%

Recreational Boating

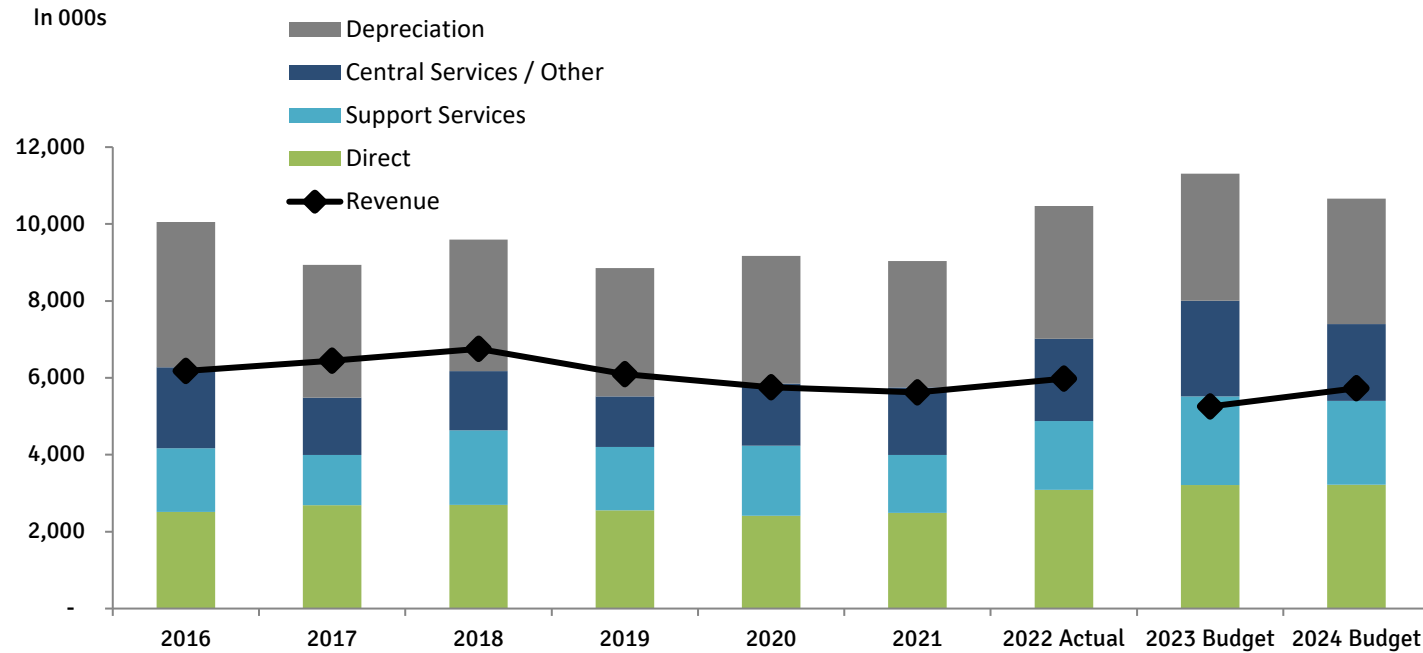


Compared to 2023 Budget

- Revenue up \$876K / 5.6%
 - Shilshole Bay Marina rate increase
 - 7% (<=42'),
 - 10% (Guest), and
 - 12% (>42')
- Direct Expenses up \$280K / 5%
- Support Services up \$378K / 8%
- Central Services down \$169K / -3%
- Depreciation down \$22K / -1%

• Includes waterside of Shilshole Bay Marina, Bell Harbor Marina, Harbor Island Marina.

Elliott Bay Fishing & Commercial Operations



Compared to 2023 Budget

Revenue up \$478K / 9%

- 5% rate increase for moorage
- 10% service, equipment rental and
- 3% tariff rate increase 2024

Direct Expenses up \$7K / 0%

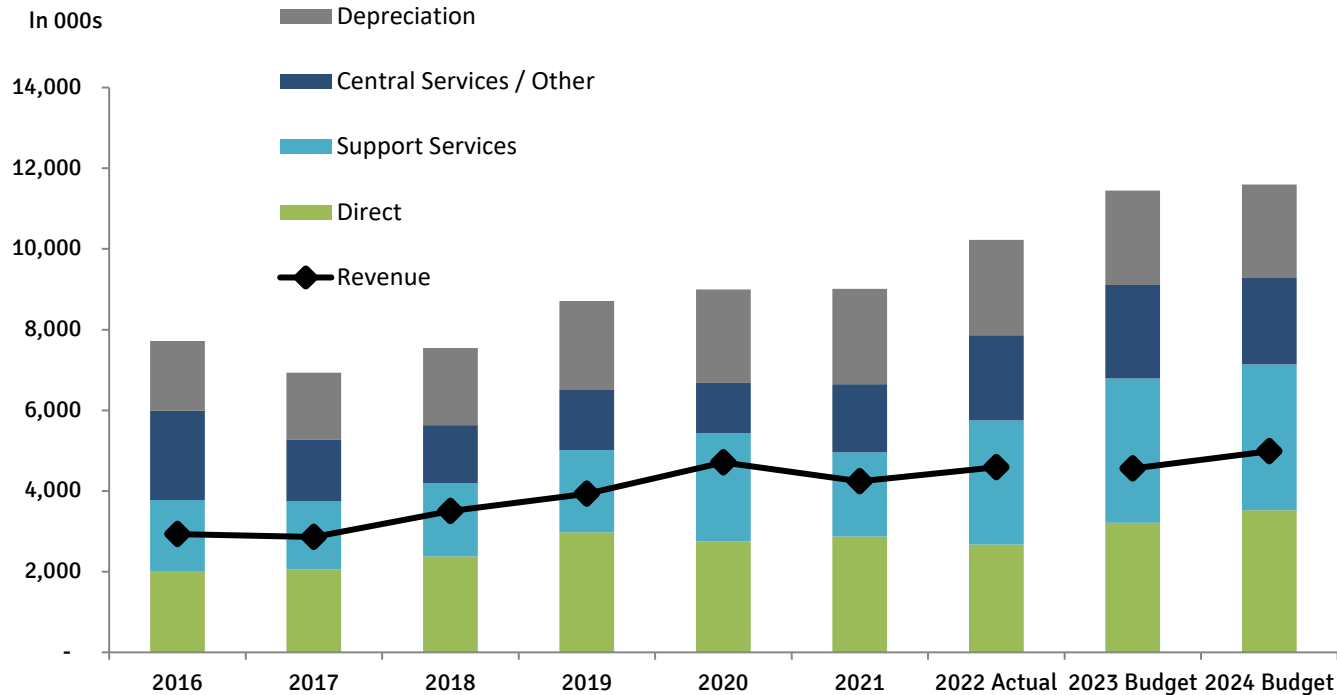
Support Services down \$123K / -5%

Central Services down \$492K / -20%

Depreciation down \$42K / -1%

- Includes waterside of T91 Fishing and Commercial Vessels, Kellogg Island, T25 Docks, P69 Vessel Ops, Dolphins (T18 North, Pier 34), T46 North Docks, Pier 28 Docks, Pier 2 Docks, T108 Moorage

Ship Canal Fishing & Operations



Compared to 2023 Budget

Revenue up \$429K / 9%

- 5% rate increase for commercial fishing
- 7% Salmon Bay Marina
- Recreational vessel moorage rates increase: 7% (<=40'), 10% (Guest), and 12% (>40')
- 10% services

Direct Expenses up \$310K / 10%

- Payroll expenses up \$179K / 13%
- Utilities expenses up \$48K / 5%

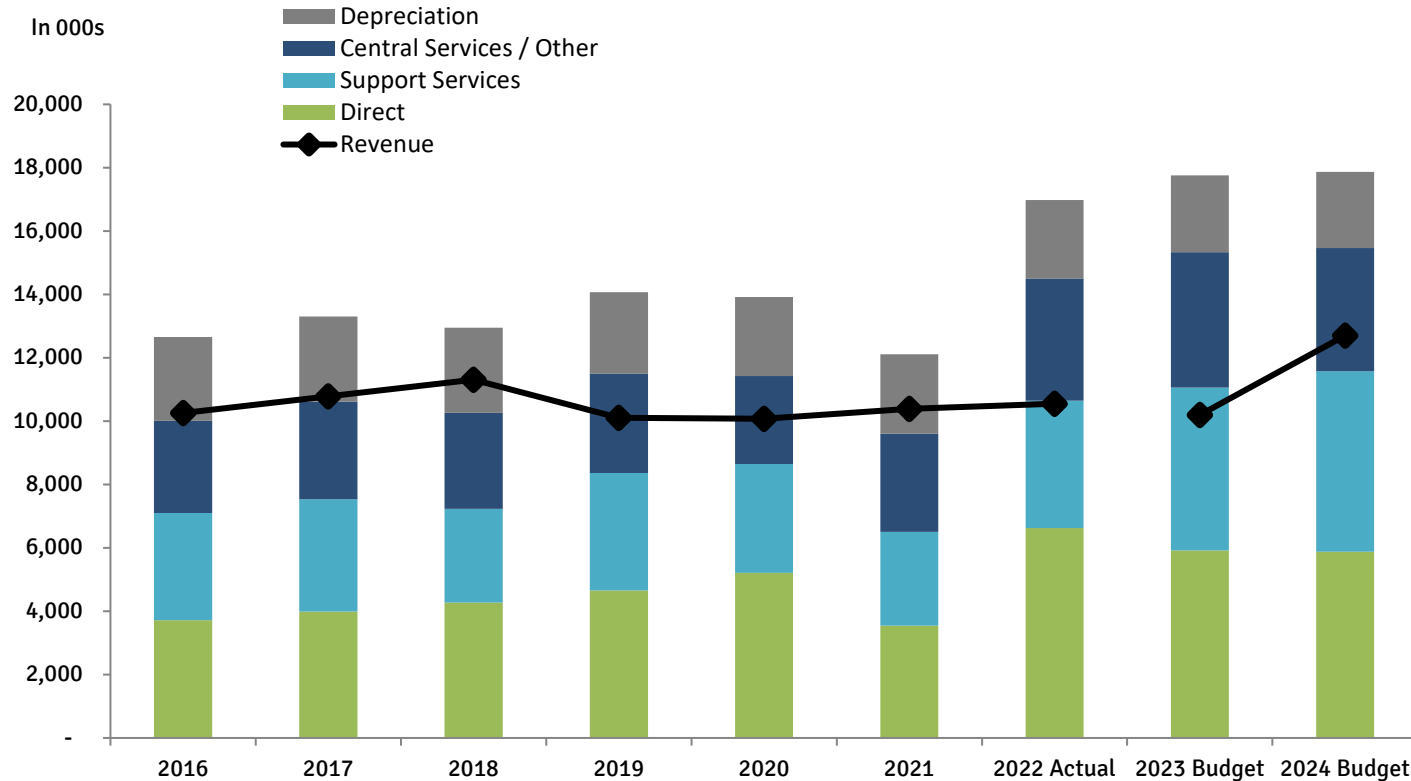
Support Services up \$32K / 1%

Central Services down \$165K / -7%

Depreciation down \$21K / -1%

- Includes waterside of Fishermen's Terminal, Salmon Bay Marina, and Maritime Industrial Center (MIC).

Maritime Portfolio Management



Compared to 2023 Budget

Revenue up \$2,505K / 25%

- Escalated rent at T106 warehouse ground lease starting April 2024.

Direct Expenses down \$46K / -1%

- Outside Service expenses down \$214K / -23% relate to TI & Management Fees
- Payroll related expenses up \$38K / 7%
- Utilities expenses up \$118K / 4%

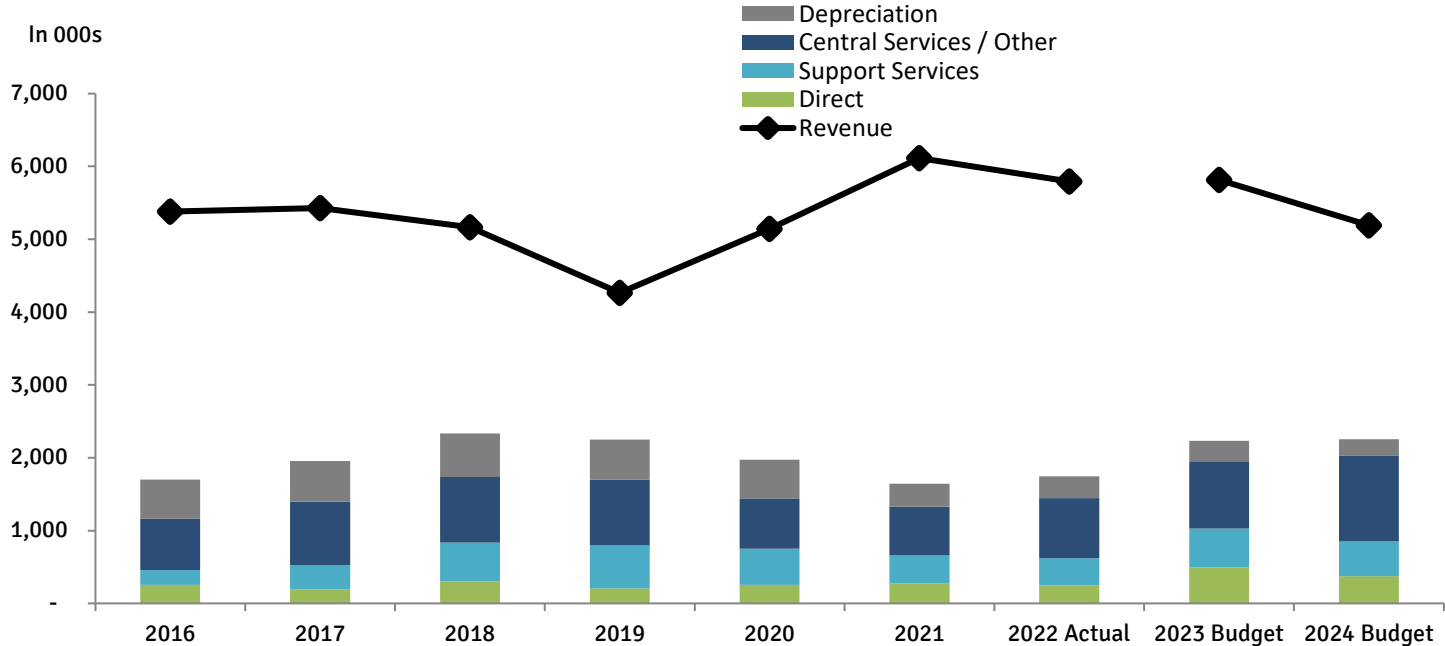
Support Services up \$563K / 11%

Central Services down \$393K / -9%

Depreciation down \$9K / -.3%

- Includes uplands of Shilshole Bay Marina, Terminal 91 (Industrial), Fishermen's Terminal, Maritime Industrial Center, Salmon Bay Marina, T-115, T-108, and T-106.

Grain Terminal



Compared to 2023 Budget

Revenue down \$623K / -11%

- Based on preliminary forecast from Louis Dreyfus Company.

Direct Expenses down \$122K / -25%

Support Services down \$44K / -8%

Central Services up \$236K / 26%

Depreciation Down \$53K / -19%

Maritime Division Service Group Summary

2024 Preliminary Budget
October 10, 2023



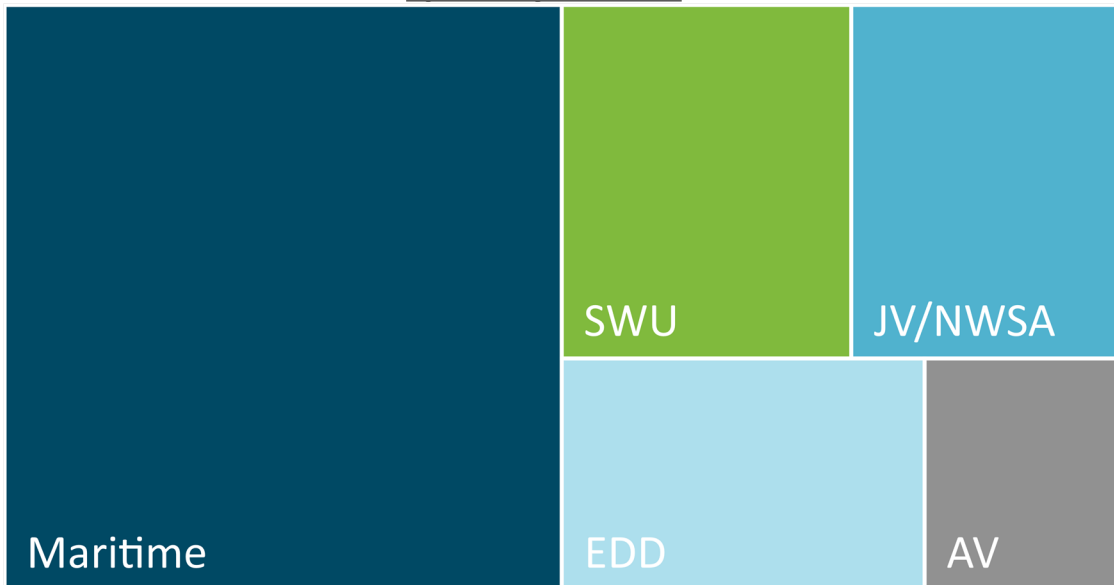
Marine Maintenance

Total Department Expenses Before charges and allocations \$ in 000's	2020	2021	2022	2023	2024 Proposed Budget	Change from 2023	
	Actual	Actual	Actual	Budget	Budget	\$	%
Payroll	20,532	19,881	20,329	23,136	25,534	2,399	10%
Outside Services	953	673	890	728	789	61	8%
Other	3,489	3,473	4,810	4,344	5,563	1,219	28%
Capital / Non Operational	(2,341)	(1,219)	(953)	(1,015)	(1,097)	(82)	8%
Total Expenses	22,633	22,809	25,075	27,193	30,789	3,597	13%

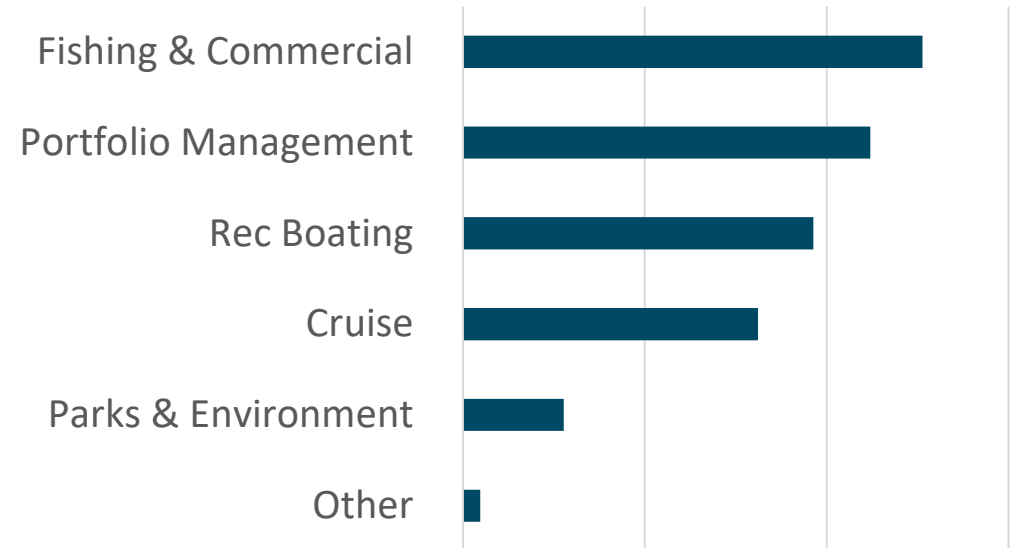
Maintenance expenses up \$3.6M or 13% from 2023 Approved Budget

- Payroll up \$2.4M from additional FTE (2), Apprenticeships (3) and Emergency Hires (5)
- Other up mostly in materials & equipment cost, but also in utilities and workers comp.

MM Spend by Division



Spend by Maritime Business Group



Waterfront Project Management

Total Department Expenses Before charges and allocations \$ in 000's	2020	2021	2022	2023	2024	Change from 2023	
	Actual	Actual	Actual	Budget	Proposed Budget	\$	%
Payroll	3,665	3,551	4,895	6,983	7,597	614	9%
Outside Services	600	11	261	2,379	2,152	(227)	-10%
Other	28	31	108	171	187	16	9%
Capital / Non Operational	(2,253)	(2,290)	(2,729)	(4,830)	(4,658)	172	-4%
Total Expenses	2,040	1,303	2,535	4,702	5,278	576	12%

Growth Drivers:

- Payroll:
 - New FTE.
 - Full year annualization of new 2023 FTEs
- Outside Services
 - Expense Project Work was previously budgeted in Marine Maintenance moved in 2023.
 - Contracting for Project Delivery Process Manual (New).
 - Work for NWSA Expense Projects not included

Maritime Environment and Sustainability

Total Department Expenses Before charges and allocations \$ in 000's	2020	2021	2022	2023	2024	Change from 2023	
	Actual	Actual	Actual	Budget	Proposed Budget	\$	%
Payroll	3,039	2,943	3,591	4,557	5,214	657	14%
Outside Services	1,575	926	1,428	2,101	2,049	(51)	-2%
Other	248	86	259	217	225	8	4%
Capital / Non Operational	(1,394)	(1,343)	(1,265)	(1,643)	(1,378)	264	-16%
Total Expenses	3,469	2,612	4,013	5,232	6,110	878	17%

Overall increased \$.9M/17% compared to 2023 budget

Salary & Benefits

- Increased \$657K/14% from 2023 budget
 - Four new Positions in 2023 and 1 new in 2024

Outside Services

- Decreased \$51K/2% from 2023 budget

Other

- Increased \$8K/4% from 2023 budget
 - Increases in Travel/Training new staff

Capital/ Non-Operational

- Dropped \$264K/3% from 2023 budget
 - Lower percentage of project work

Consultant Support for Environmental

Air - \$727K

- Green Corridor
- Energy Compliance Program
- Sustainable Maritime Fuels Program
- Climate and Air Program
- Maritime Energy Efficiency
- Cruise Environmental Programs
- Multiple Power Master Planning
- Industry Engagement
- Seattle Waterfront Clean Energy Strategy

Other Sustainability - \$47K

- Software
- Design Spec/Standard Support
- EIM - Data Management Support

Hazardous Waste / Compliance – \$219K

Habitat - \$690K

- Bankline Natural Resource Development Performance Monitoring (10yr program)
- Bankline Programmatic
- Multi-Site Mitigation Bank
- Underwater Noise Mitigation & Noise Monitoring Plan Habitat Smith Cove Kelp Octopus Enhancement with Department of Natural Resources
- Smith Cove Blue Carbon Project
- Duwamish Valley Stewardship
- Duwamish Basin Steward
- Seagrant Fellow
- Quiet Sound Underwater Noise Reduction Program
- PORTfolio Planning Services
- PORTfolio Corrective Actions

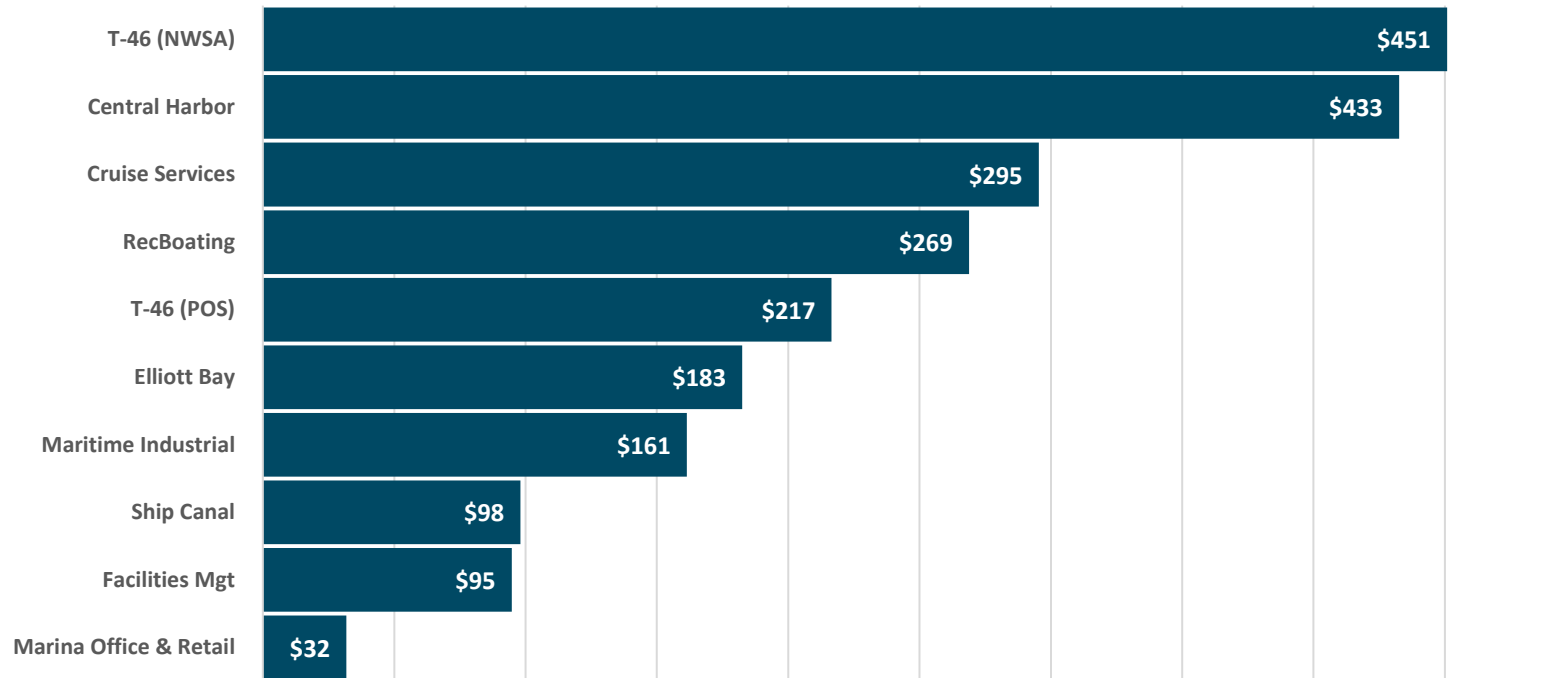
Permitting - \$200K

- Includes Centennial Park Coastal Study

Security

Total Department Expenses Before charges and allocations \$ in 000's	2020	2021	2022	2023	2024	Change from 2023	
	Actual	Actual	Actual	Budget	Proposed Budget	\$	%
Payroll	318	320	303	358	387	29	8%
Outside Services	1,788	1,815	1,897	2,470	2,235	(235)	-10%
Other	10	6	6	105	102	(3)	-2%
Total Expenses	2,116	2,142	2,206	2,933	2,724	(209)	-7%

2024 Maritime Security Budget (in '000s)



2024 FTEs – 5 New

Total Change from 2023 Approved Budget =5

Waterfront PM - 1

- Capital Project Manager V (EWW Lead)

Marine Maintenance - 2

- Facilities Asset ISO Specialist
- Auto Machinist

Environment & Sustainability - 1

- Administrative Assistant

Ship Canal Fishing and Operations- 1

- Billing Analyst

Total Maritime FTEs Planned = 296.5



Joint Venture and Stormwater Utility Summary

2024 Preliminary Budget
October 10, 2023



Port Interest in NWSA (Joint Venture)

\$ in 000's	2022	2023	2024	Change from 2023	
	Actual	Budget	Proposed Budget	\$	%
Revenue					
NWSA Distributable Revenue	55,353	50,305	57,200	6,895	12%
Contra Joint Venture Revenue	(1,949)	(2,030)	(2,071)	(41)	2%
Subtotal Distributable Revenue frm NWSA	53,403	48,275	55,129	6,854	12%
Other Service Revenue Tenant Reimbursements	825	569	632	63	10%
Port Revenue from NWSA Facilities	1,153	165	165	0	N/A
Total Revenues	55,381	49,010	55,927	6,917	12%
Expenses					
Maintenance Expenses	569	630	493	(137)	-28%
JV Direct	1,082	98	92	(6)	-7%
Security	182	198	217	18	8%
Environmental & Sustainability	271	657	824	168	20%
Seaport Finance & Cost Recovery	166	272	289	17	6%
Seaport Project Management	129	75	153	78	51%
Central Services / Other	140	217	201	(15)	-8%
DRS Pension Plan True-up Exp	(278)	0	0	0	NA
Total Expenses	2,261	2,148	2,270	122	5%
NOI Before Depreciation	53,120	46,862	53,657	6,795	13%
Legacy Depreciation for NWSA Facilities	14,744	14,627	14,229	(398)	-3%
NOI After Depreciation	38,376	32,235	39,428	7,193	18%

Compared to 2023 Budget

Revenue (Based on Preliminary Estimates)

- Contra Revenue primarily T46 lease.
- Tenant Reimbursable for Maintenance Work.
- Port Revenue from NWSA includes crane lease and any other potential revenue at T46.

Expenses up \$122K / 5%

- \$137K lower for Marine Maintenance
- \$168K increase in Env & Sustainability expense from higher overall cost and lower allocation directly to NWSA.

Stormwater Utility Budget

\$ in 000's	2021	2022	2023	2024	Change from 2023	
	Actual	Actual	Budget	Proposed Budget	\$	%
Revenue						
NWSA	1,662	829	1,005	1,790	785	78.1%
Tenants Revenue	3,159	4,321	4,355	4,249	(106)	-2.4%
Port Non-tenants Revenue	1,439	1,690	1,721	1,609	(112)	-6.5%
Total Revenues	6,260	6,840	7,081	7,648	567	8.0%
Expenses						
SWU	1,052	1,524	1,607	1,593	14	0.9%
Maintenance Expenses	2,622	2,995	3,592	4,700	(1,108)	-30.8%
Central Waterfront PM	5	32	13	50	(37)	-284.6%
Environmental & Sustainability	41	27	35	67	(32)	-91.4%
Environmental Finance	22	34	12	113	(101)	-841.7%
Other Central Services	803	1,046	1,007	1,088	(81)	-8.0%
Total Expenses	4,545	5,658	6,266	7,611	(1,345)	-21.5%
NOI Before Depreciation	1,715	1,182	815	37	778	95.5%
Depreciation	1,285	1,272	1,297	1,204	93	7.2%
NOI After Depreciation	430	(90)	(482)	(1,167)	685	-142.1%

- SWU rate increase of 8% in 2024
- SWU increase includes full year of 2023 FTE and increased professional services
- Maintenance planned for Full Staff for Full Year
- Other Costs are based on allocation changes

Economic Development Division



- 2024 Preliminary Budget
- October 10, 2023

EDD Up-Front Summary

- **Top and Bottom Line**

- Net Operating Income (\$9.1M); \$1.1M below 2023 Budget
- Revenue \$21.5M; down \$659K or 3% from 2023 Budget
- Expenses \$30.6M; up \$453K or 1% from 2023 budget
- *Budget includes \$2.2M of levy investment*

- **Budget Drivers:**

- Conference & Event Centers competitive pricing environment
- Increased Maintenance and Central Service Costs
- Tourism Promotion – Supporting the Region
- Supporting Small Business Accelerators

SWOT Analysis -- Economic Development Division



- Commission committed to Economic, Equitable & RE Development
- Grant funding advances Port partnerships and priorities
- Talented, connected and respected team (inc. Commissioners)
- Diverse attractive properties

- Internal policies and labor force challenges negatively impact property management, capital projects and Diversity in Contracting program
- Challenging Properties
- Innovation initiatives not well defined or broadly supported

- Expansion of regional small businesses (WMBE) initiatives
- Strong industrial market and post pandemic real estate opportunities
- Alaska cruise market showing strong rebound
- Innovation can solve Port problems and drive new opportunities

- Economic uncertainty: changing trade patterns, inflation, availability of labor, childcare shortages
- Challenging homelessness/public safety issues

Equity in Budgeting Highlights

- **Adding Ombudsperson FTE** to Diversity in Contracting Department to support WMBE businesses working on Port projects
- **Completing Disparity Study** to evaluate how well Diversity in Contracting policy and program are eliminating disparities within the Port's supply chain
- Continuing **New Community Business Connectors initiative** with Chamber of Commerce to provide outreach/technical assistance to BIPOC businesses and underserved rural businesses
- **Supporting Duwamish Community Hub and Partnership**
- **Supporting Apprenticeship Utilization and workforce development** on real estate development projects (ex. Terminal 106 redevelopment, Des Moines Creek West)



Economic Development Revenues

Overall, down \$659K or 3% compared to 2023 budget.

Conference & Event Centers

demand regionally returning close to pre-COVID levels, but challenges exist with loss leading pricing from new competitors.

Bell Street Garage

growth from increasing demand from Cruise and Conferences. Some potential upside with return of office customers.

Leasing portfolio

experiencing some return of concession revenue, but soft demand on office space.

	2019	2020	2021	2022	2023	2023	2024	Change from 2023	
\$ in 000's	Actual	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$	%
Conf & Event Centers	12,239	1,662	1,910	8,914	12,479	10,879	11,156	(1,323)	-11%
Bell Street Garage	1,899	1,180	996	1,500	2,171	2,471	2,473	302	14%
Leasing Revenue	7,035	6,641	6,590	7,316	7,548	7,548	7,911	362	5%
Other Revenue	(21)	(13)	2	4	3	3	3	0	NA
Total Revenue	21,151	9,470	9,498	17,734	22,201	20,901	21,542	(659)	-3%

Note: EDD Real Estate Development projects generate \$4+ MM/year in revenues for Maritime and Aviation. This revenue will grow to \$10+ MM/year with T106 and Des Moines Creek W developments

Economic Development Expenses

	2022	2023	2023	2024	Change from 2023	
\$ in 000's	Actual	Budget	Forecast	Proposed Budget	\$	%
Expenses						
Portfolio Management	3,653	3,905	3,680	3,917	12	0%
Conf & Event Centers	6,563	10,769	9,537	9,602	(1,167)	-11%
P69 Facilities Expenses	230	221	221	225	5	2%
RE Dev & Planning	299	294	294	249	(45)	-15%
EconDev Expenses Other	1,058	900	900	1,058	159	18%
Maintenance Expenses	3,836	3,303	3,253	4,024	721	22%
Maritime Expenses (Excl Maint)	1,263	1,811	1,736	1,897	86	5%
Total EDD & Maritime Expenses	16,902	21,203	19,621	20,973	(230)	-1%
Diversity in Contracting	186	250	250	250	0	0%
Tourism	1,737	1,830	1,830	1,875	45	2%
EDD Grants & Innovation	105	1,450	1,450	1,505	55	4%
Total EDD Initiatives	2,028	3,530	3,530	3,630	100	3%
Total Central Services & Aviation	5,270	5,417	5,268	5,999	582	11%
Total Expense befor Pension Adj.	24,200	30,149	28,418	30,602	453	2%
Pension Expense Adjustment	(2,396)				0	NA
Total Expense	21,804	30,149	28,418	30,602	453	2%

Compared to 2023 Budget

EDD & Maritime Expenses down \$230K or 1%

- Lower volumes at Conference & Event Centers.
- Right sized Broker Fees and Tenant Improvements
- Increased Maintenance.

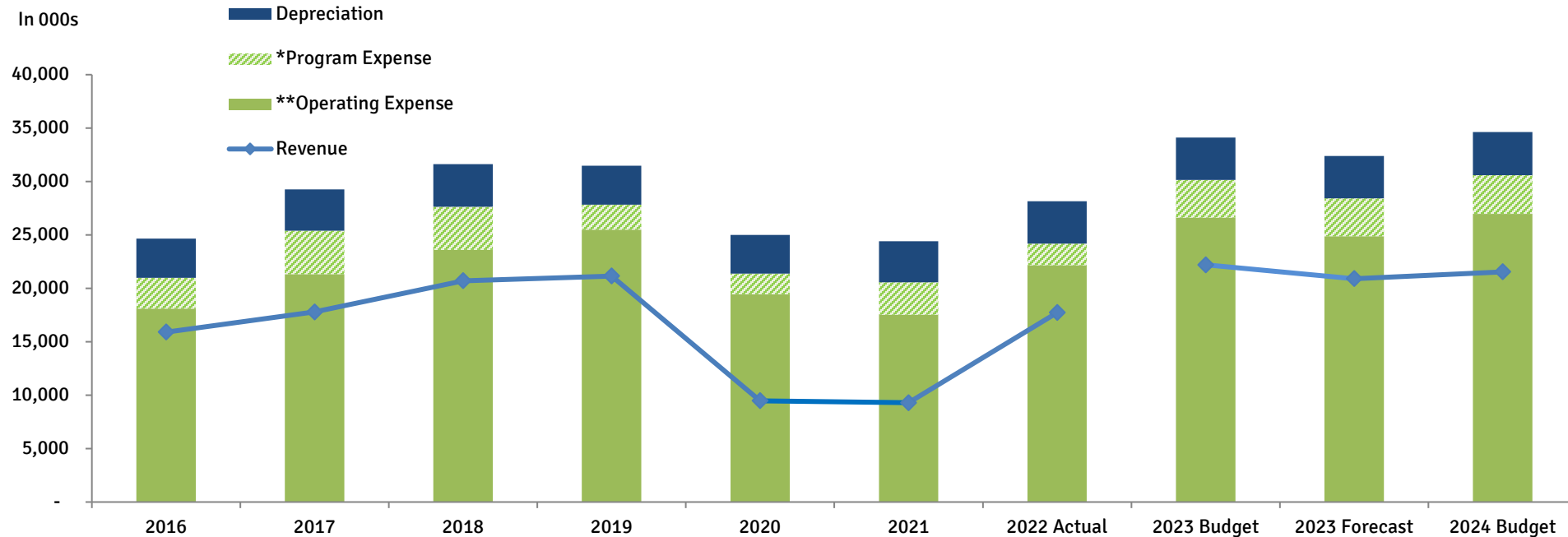
EDD Development Initiatives up \$100K or 3%

- Payroll increases driving cost.
- Growth of Innovation and Tourism Grants.
- Continuation of Economic Development Grants.

Central services Up \$582K or 11%

No net new FTEs

Economic Development Division Financial Trend



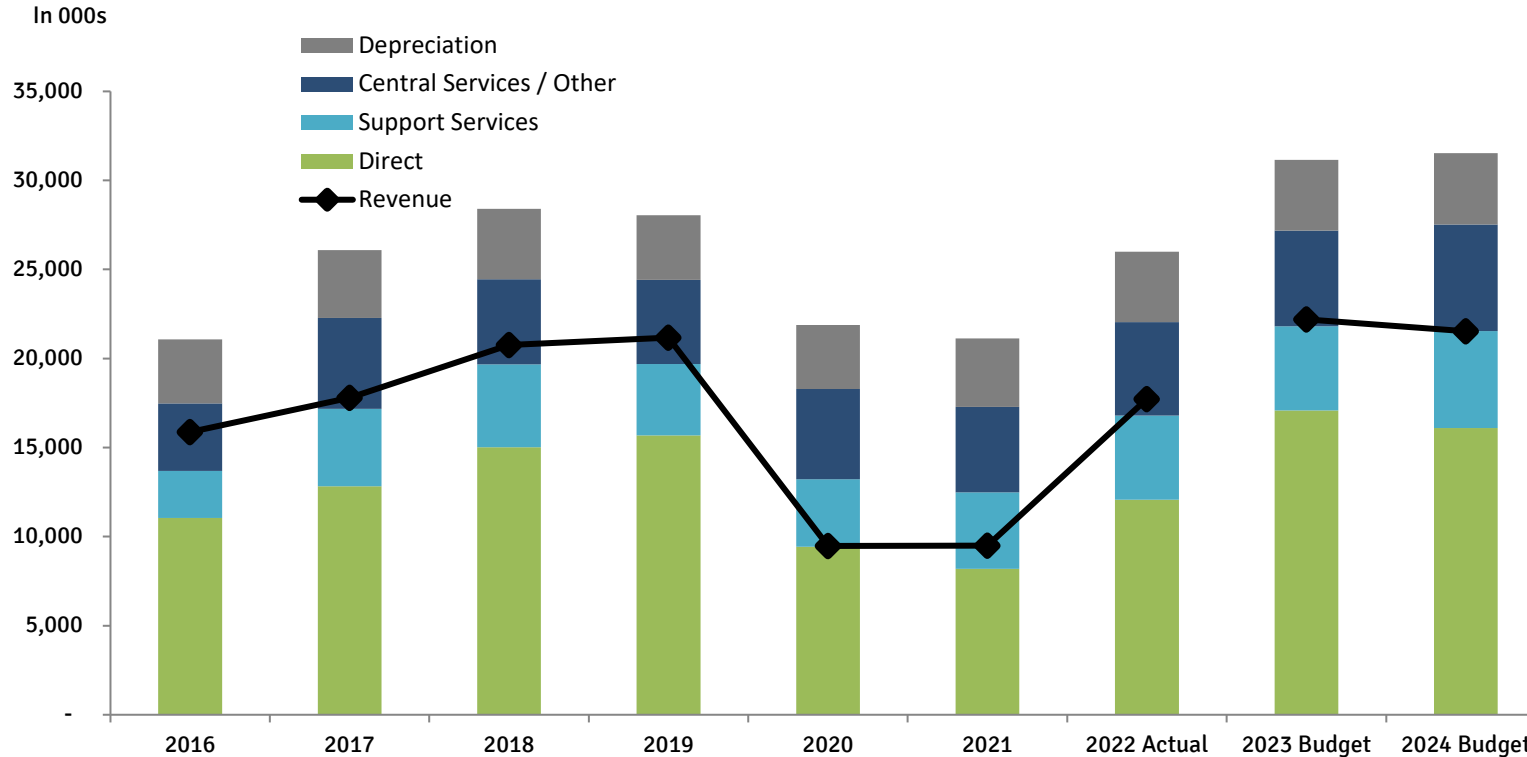
Revenues

- Stabilizing around \$21-22M with modest inflationary growth.

Expenses up 2% from 2023 budget

- Conference & Event Center Variable Cost reduction offset by inflationary growth.

Portfolio Management Financial Trend



Compared to 2023 Budget

Revenue down \$.7M / -3%

- Conf Center down \$1.3M / -11%
- Bell St Garage up \$.3M / 14%

Direct Expenses down \$1M / -6%

- Lower Variable Conference Expenses.

Support Services up \$.7M / 15%

Central Services up \$.6M / 11%

Depreciation up \$42K / 1%

- Includes non-NWSA & Upland real-estate at Tsubota, T-91 (General), T-86, P-69, Bell Street Garage, Smith Cove Conference Center, Bell Harbor Conference Center, World Trade Center, Foreign Trade Zone, Pier 2, T-34, and T-102.

Diversity in Contracting

- ❑ **Increase WMBE utilization** results to reduce disparities in Port contracting processes
- ❑ **Complete disparity study** to gauge impact from DC policies and programs
- ❑ **Establish new 5-year goals** for Diversity in Contracting program
- ❑ Provide PortGen workshops/trainings
- ❑ Implement communication and education programs to support Diversity in Contracting

In \$000s	2023 Budget	2024 Budget	difference
Personnel	1,262	1,462	200
Outside Service	803	573	(230)
Promo Expenses	97	112	15
General Expenses	83	87	4

Addition of Ombudsperson, Finalizing Disparity Study, and moved Export Accelerator Pilot to Division Management Department.



Tourism

- ❑ **Expand Tourism Grant program** to support sustainable and equitable tourism marketing partnerships
- ❑ Work with WA State Tourism and Visit Seattle to **promote WA State and King County in select international markets**
- ❑ Continue to **advance responsible tourism** and facilitate distribution and use of new Responsible Tourism guidebook

In \$000s	2023 Budget	2024 Budget	difference
Personnel	591	635	44
Outside Service	939	924	(15)
Promo Expenses	157	98	(59)
General Expenses	47	105	58



Real Estate Development & Management

- ❑ Redevelop Port properties (ex. T106, Terminal 91)
- ❑ Manage Maritime Innovation Center construction
- ❑ Maintain 90% Occupancy within Port RE portfolio
- ❑ Implement top recommendations within Aviation RE Strategic Plan
- ❑ Evaluate Acquisition/Partnership development opportunities to support the Northwest Seaport Alliance
- ❑ Manage, Operate & Maintain Pier 69 Headquarters

Total Real Estate Development & Management Expenses

In \$000s	2023 Budget	2024 Budget	difference
RE Development	959	1,100	141
P69 Facilities	1,760	1,815	55
Portfolio Leasing	20,090	18,907	(1,184)



Economic Development and Innovation Partnerships

- ❑ **Support Community Business Connector initiative**
- ❑ **Support Regional Economic Development** via financial partnerships with cities, Chambers, Small Business Development Centers and other partners
- ❑ Support **Greater Seattle Partners'** trade development and business attraction initiatives
- ❑ Support **Duwamish Community Equity Partners'** economic development initiatives
- ❑ Support **maritime innovation initiatives** to discover, promote and help advance promising maritime ventures and startups

In \$000s	2023 Budget	2024 Budget	difference
Personnel	829	927	98
Outside Service	1,550	1,756	206
Promo Expenses	31	32	1
General Expenses	150	150	0

Includes ED City Partnership grants 880k Community Business Connectors \$350k Maritime Blue 150k Greater Seattle Partners 250k

CA Goal

Responsibly Invest in the Economic Growth of the Region and all its Communities

**EDD
Real Estate
& Admin**

City ED Partnership Grants
Duwamish partnership
Innovation Initiatives

**Key
Metrics**

- **Green buildings**
- **Property redeveloped or acquired**

No Net New FTEs

2024 Economic Development FTEs

<u>Description</u>	<u>FTEs</u>
2023 Approved Budget	37.0
Changes in 2023:	
Mid-Year Approvals	0.0
Eliminated	0.0
Transfer	0.0
2024 Baseline	37.0
2024 Budget Changes:	
Transfer	0.0
Eliminated	-1.0
New FTEs Approved	1.0
Net Change	0.0
2024 Proposed FTEs	37.0

- Senior Real Estate Manager
- Diversity in Contracting Ombudsperson

Seaport Rollup

2024 Preliminary Budget
October 10, 2023



Port 
of Seattle®

Seaport Financial Roll-Up

	2020	2021	2022	2023	2023	2024	Change from 2023	
\$ in 000's	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$	%
Revenues								
Maritime	42,111	48,738	71,365	75,875	77,575	86,132	10,256	14%
Economic Development Division	9,470	9,294	17,734	22,201	20,901	21,542	(659)	-3%
Joint Venture	37,563	54,842	55,381	49,010	49,010	55,927	6,917	14%
Total Revenue	89,144	112,875	144,480	147,086	147,486	163,601	16,515	11%
Expenses								
Maritime	52,357	47,784	59,556	66,121	64,974	72,332	6,211	9%
Economic Development Division	21,382	20,560	24,200	30,149	28,418	30,602	453	2%
Joint Venture	1,063	1,708	2,261	2,148	2,148	2,270	122	6%
Total Expense	74,802	70,052	86,018	98,418	95,540	105,204	6,786	7%
NOI before Depreciation	14,341	42,823	58,462	48,668	51,946	58,397	9,729	20%
Depreciation	36,422	36,556	36,678	36,064	36,064	35,776	(289)	-1%
NOI After Depreciation	(22,081)	6,267	21,784	12,604	15,882	22,621	10,018	79%

Note: Excludes impact of pension adjustments.

- NOI Before Depreciation of \$58.4M is a proxy for the Operational Cash Flow absent:
 - Debt Service Payments (Both POS and NWSA)
 - Environmental Remediation Expense (Both POS and NWSA)
 - Public Expense
- Operational cash flow is available to pay for capital investments and any new expenses. Anything not paid from operational cash flow must rely on the tax levy.



Maritime and Economic Development Draft 2024-28 Capital Improvement Plan (CIP)

2024 Preliminary Budget | October 10, 2023



MD/EDD Capital Improvement Plan



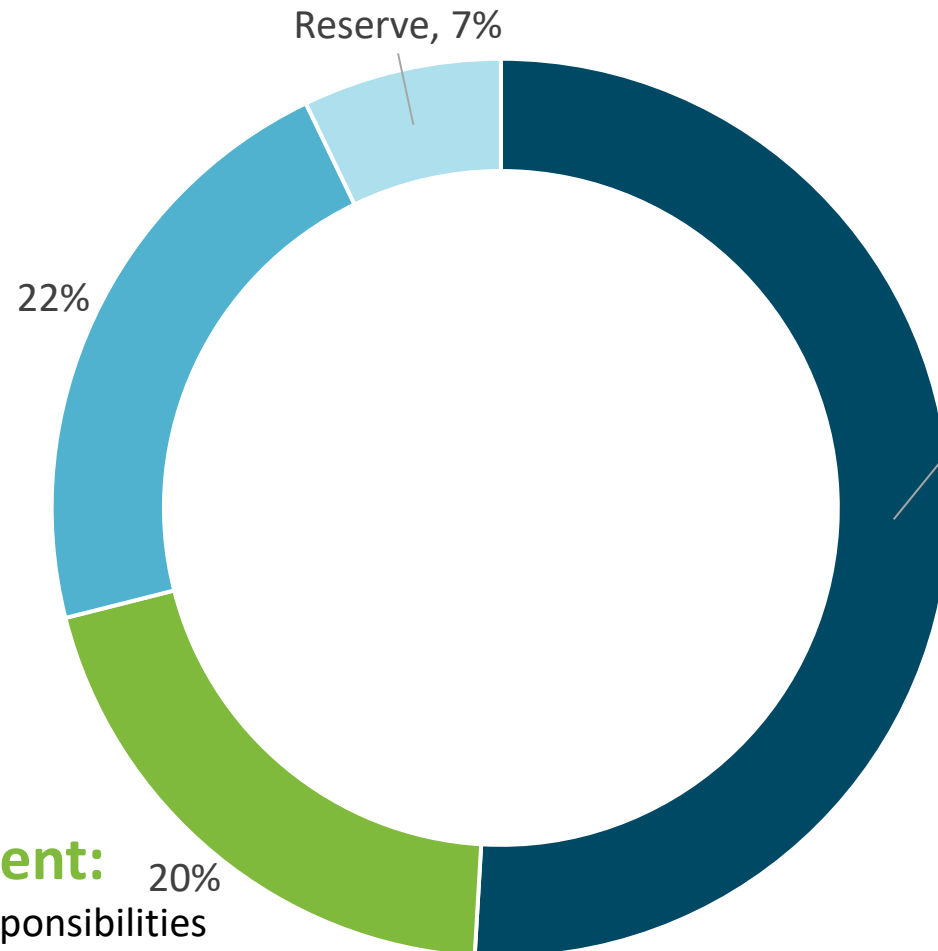
Financial Sustainability:

Making investments that support maritime industries and the Port's long term funding capacity



Community & Environment: 20%

Stewarding our environment and social responsibilities
*All projects incorporate Community & Environment priorities when possible



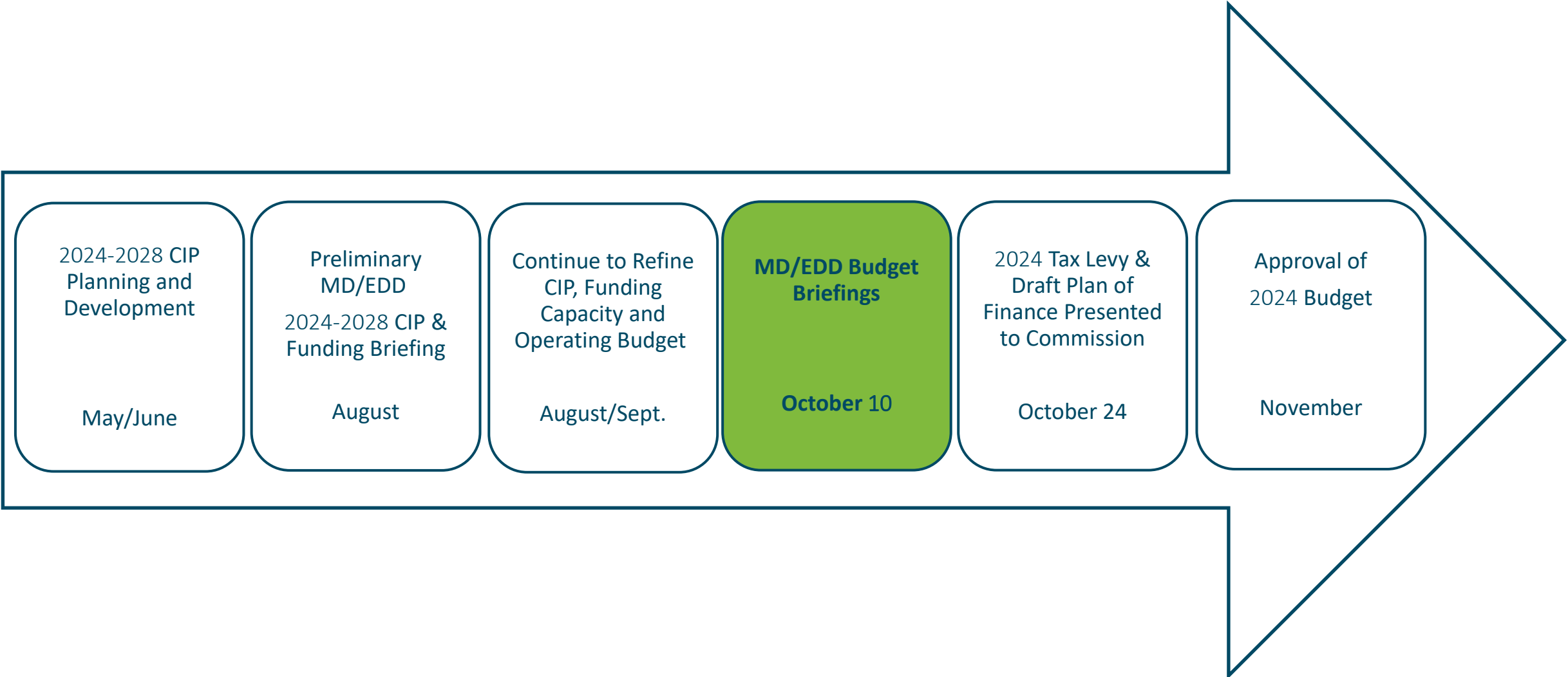
Asset Stewardship:
Maintaining the Port's capital assets and preserving Seattle's iconic working waterfront

Over half of the CIP is dedicated to preservation of existing assets

2024 Capital Development Dynamics

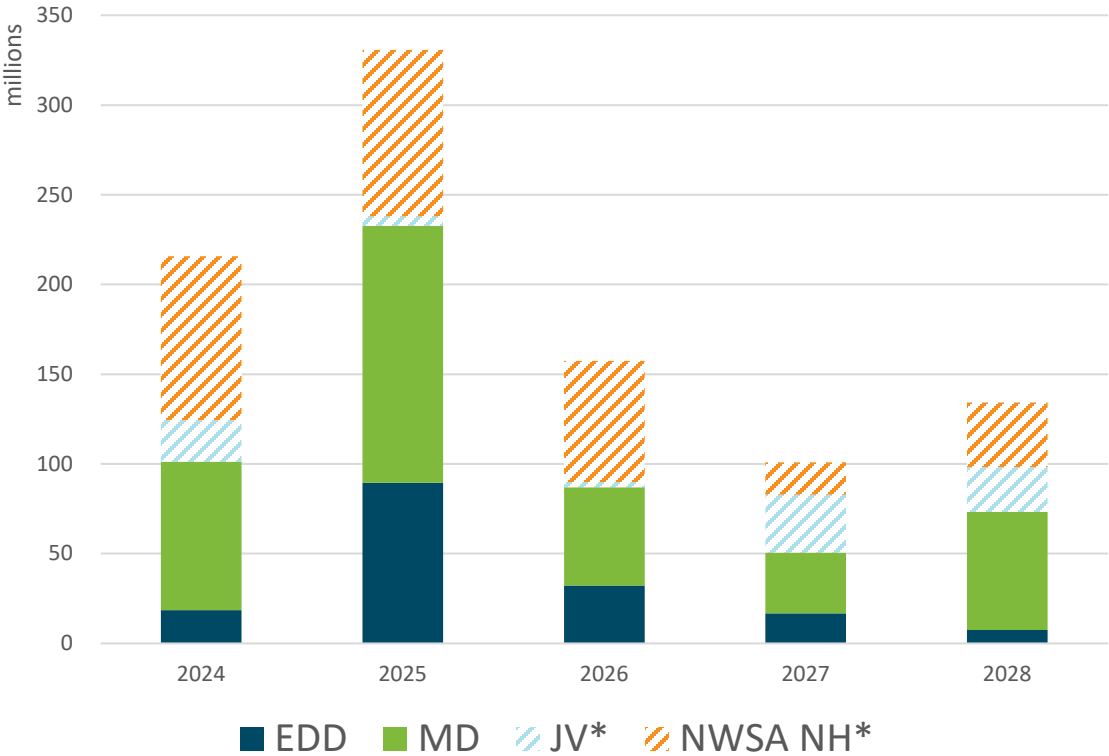
- Managing large capital spend
 - Preparation for several major projects to move into Construction
 - Preparation for major environmental clean-up work
 - Concurrent NWSA (North Harbor) project delivery
- Responding to cost increases and capacity issues
 - Supply chain constraints
 - External permitting delays
 - Continued inflationary pressures
- **\$400+ million** in projects postponed
- Continued implementation of Sustainable Evaluation Framework

CIP Timeline



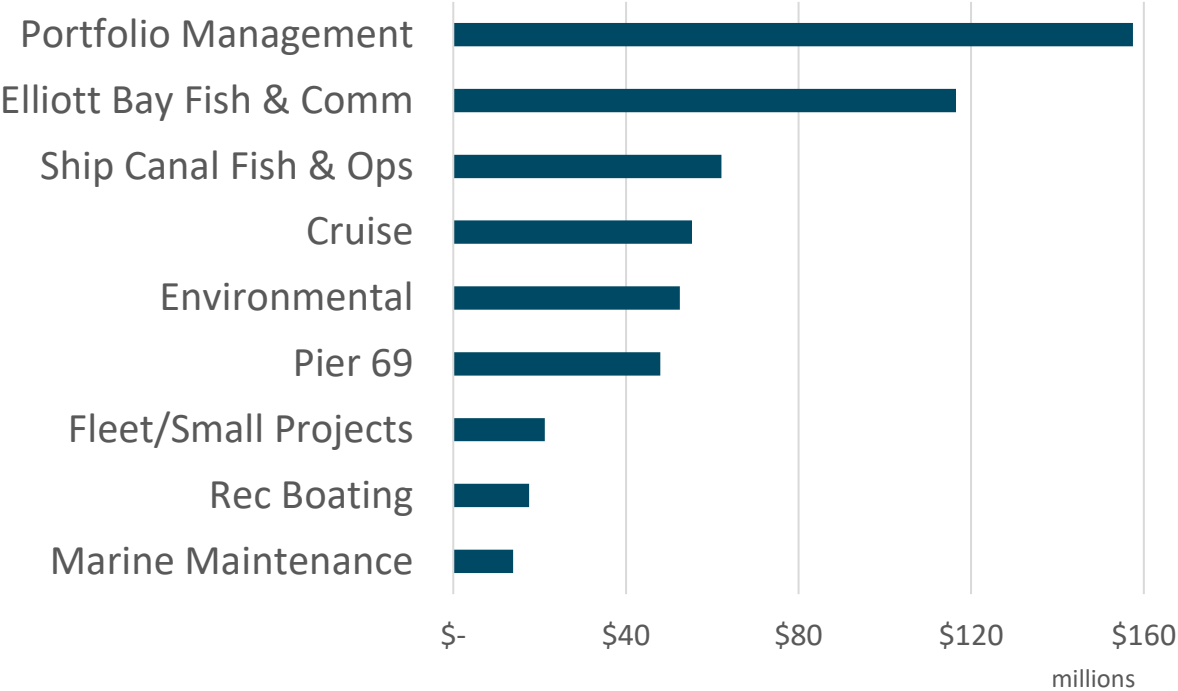
Maritime/EDD Draft 2024 to 2028 CIP: \$579M

Forecasted 5-Year Spend*



*NWSA/JV projects not included in MD/EDD CIP total

5-Year Capital Spend by Business Group



Draft 2024 to 2028 CIP: \$579M

Cash Flows in \$000s

Primary LOB	Project	Status*	2024	2025	2026	2027	2028	5Y Total	Project Total
Cruise	P66 Shore Power	5	27,752	1,560	0	0	0	29,312	41,000
	T91 New Cruise Gangway	5	3,040	5,786	0	0	0	8,826	9,000
	P66 Fender Replacement	5	2,382	1,839	0	0	0	4,221	7,616
	P66 New Cruise Passenger Gangway	2	950	5,000	0	0	0	5,950	6,000
Fishing, Commercial & Rec Boating	T91 Berth 6 & 8 Redevelopment	5	19,223	51,000	2,371	0	0	72,594	75,600
	FT NW Dock West Improvements	2	270	450	930	7,800	30,000	39,450	56,000
	FT S Wall Fender Replacement	2	0	0	0	700	2,000	2,700	24,700
	T91 P90/91 Dock Rehab	2	800	10,350	10,000	0	0	21,150	21,200
	Harbor Mooring Dolphins	3	0	40	120	6,800	10,500	17,460	18,000
	FT W Wall N Fender Replacement	2	0	0	500	1,500	7,000	9,000	16,500
	HIM Dock-E Improvements	5	2,350	1,893	0	0	0	4,243	5,350
Real Estate	T91 Uplands Dev Phase I	4	18,409	55,901	4,005	0	0	78,315	82,471
	FT Maritime Innovation Center	5	14,789	10,906	0	0	0	25,695	29,320
	P69 Concrete Dock Rehabilitation	2	1,000	10,000	10,000	5,995	0	26,995	27,000
	T91 Uplands Phase II Infrastructure	2	500	6,500	3,250	0	0	10,250	10,350
	P66 Grand Staircase Replacement	2	50	4,400	3,888	0	0	8,338	8,338
	P69 HVAC System Modernization	2	100	2,618	3,711	1,545	0	7,974	7,974
	MIC Electrical Replacements	4	411	6,100	0	0	0	6,511	7,179
	P66 Retail HVAC Upgrade	3	0	4	219	2,485	4,161	6,869	6,928
	Bell Street Bridge Refresh	2	0	0	5	3,400	1,948	5,353	5,353
Environmental	Smart Electric Meters	2	667	467	3,204	3,204	3,204	10,746	10,883
	Waterfront EV Infrastructure	3	230	1514	1,514	1,514	0	4,772	4,817
	Mid-Cap		27,860	21,367	11,145	6,132	4,724	71,228	
	Small		3,669	1,650	1,550	1,550	1,550	9,969	
	Fleet		5,428	4,700	5,350	3,550	1,200	20,228	
	Reserves/Cash Flow Adjustment		(24,694)	33,703	33,215	15,479	13,000	70,703	
Total Funded			105,186	237,748	94,977	61,654	79,287	578,992	

Project Categories: Large >\$5M, Mid \$1M to \$5M, Small <\$300K

*Status: 5=Construction, 4=Design, 3=Pre-Design, 2=Business Plan Prospective

Projects by Status

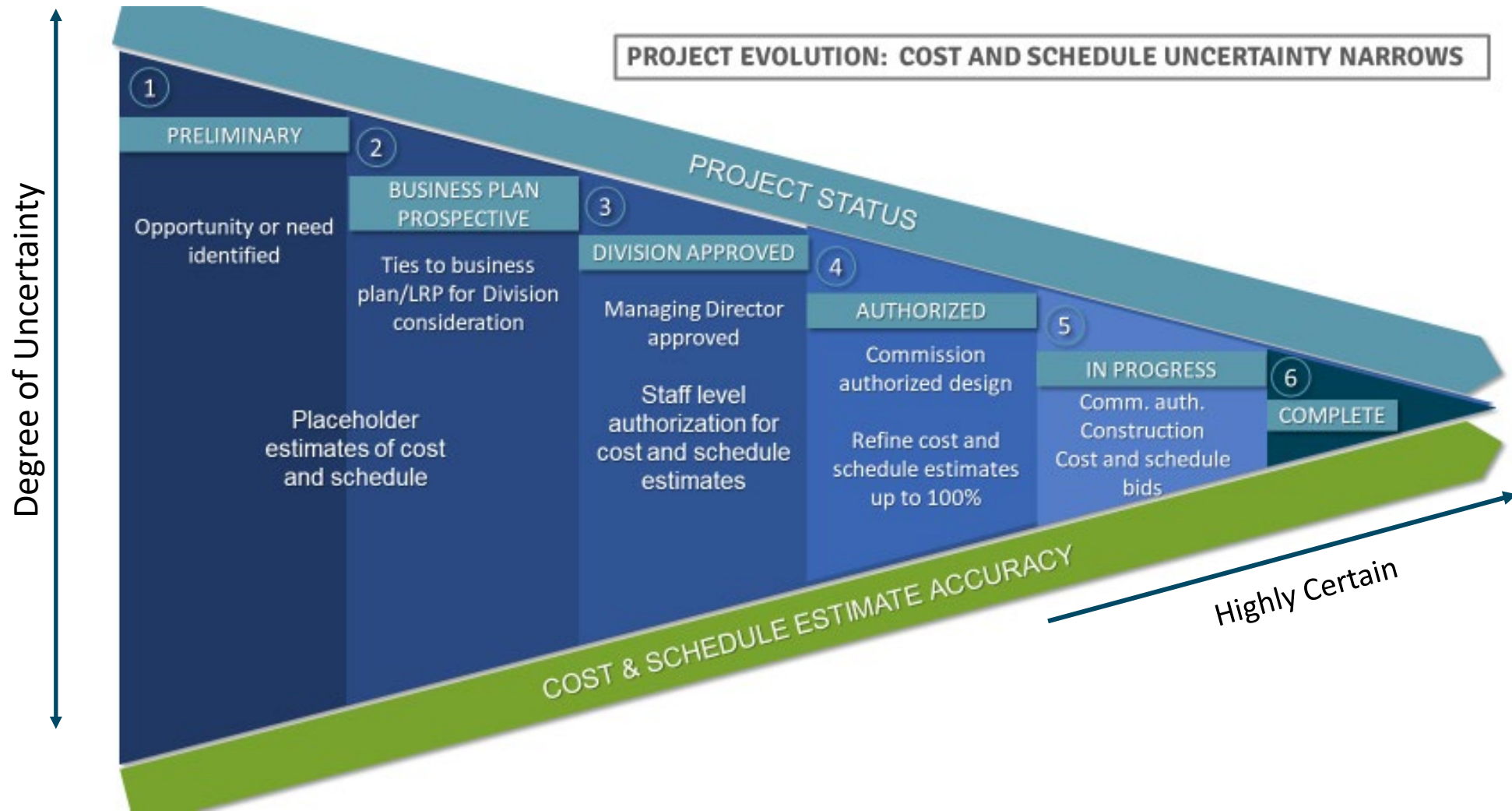
Cash Flows in \$000s

Status	Project	2024	2025	2026	2027	2028	5Y Total	Project Total
Construction	T91 Berth 6 & 8 Redevelopment	19,223	51,000	2,371	0	0	72,594	75,600
	P66 Shore Power	27,752	1,560	0	0	0	29,312	41,000
	FT Maritime Innovation Center	14,789	10,906	0	0	0	25,695	29,320
	T91 New Cruise Gangway	3,040	5,786	0	0	0	8,826	9,000
	P66 Fender Replacement	2,382	1,839	0	0	0	4,221	7,616
	HIM Dock-E Improvements	2,350	1,893	0	0	0	4,243	5,350
Design	T91 Uplands Dev Phase I	18,409	55,901	4,005	0	0	78,315	82,471
	MIC Electrical Replacements	411	6,100	0	0	0	6,511	7,179
Pre-Design	Harbor Mooring Dolphins	0	40	120	6,800	10,500	17,460	18,000
	P66 Retail HVAC Upgrade	0	4	219	2,485	4,161	6,869	6,928
	Waterfront EV Infrastructure	230	1514	1,514	1,514	0	4,772	4,817
Planning / Business Plan Prospective	FT NW Dock West Improvements	270	450	930	7,800	30,000	39,450	56,000
	P69 Concrete Dock Rehabilitation	1,000	10,000	10,000	5,995	0	26,995	27,000
	FT S Wall Fender Replacement	0	0	0	700	2,000	2,700	24,700
	T91 P90/91 Dock Rehabilitation	800	10,350	10,000	0	0	21,150	21,200
	FT W Wall N Fender Replacement	0	0	500	1,500	7,000	9,000	16,500
	Smart Electric Meters	667	467	3,204	3,204	3,204	10,746	10,883
	T91 Uplands Phase II Infrastructure	500	6,500	3,250	0	0	10,250	10,350
	P66 Grand Staircase Replacement	50	4,400	3,888	0	0	8,338	8,338
	P69 HVAC System Modernization	100	2,618	3,711	1,545	0	7,974	7,974
	P66 New Cruise Passenger Gangway	950	5,000	0	0	0	5,950	6,000
Bell Street Bridge Refresh	0	0	5	3,400	1,948	5,353	5,353	
	Mid-Cap	27,860	21,367	11,145	6,132	4,724	71,228	
	Small	3,669	1,650	1,550	1,550	1,550	9,969	
	Fleet	5,428	4,700	5,350	3,550	1,200	20,228	
	Reserves/Cash Flow Adjustment	(24,694)	33,703	33,215	15,479	13,000	70,703	
	Total Funded	105,186	237,748	94,977	61,654	79,287	578,992	

Project Categories: Large >\$5M, Mid \$1M to \$5M, Small <\$300K

*Status: 5=Construction, 4=Design, 3=Pre-Design, 2=Business Plan Prospective

Capital Improvement Plan Status & Certainty



A few key large projects are approaching construction authorization

Updates on Major Projects Underway



T91 Berths 6 & 8 Redevelopment

Scope:

- **Berth Reconstruction**
 - Removal of existing creosote piles from water column
 - Overall reduction of overwater coverage
 - Slope rehabilitation & stabilization
 - Concrete pile supported replacement pier
 - Boathouse and float reconfiguration
 - Upgraded Electrical Power Supply/ Distribution
- **Uplands Improvements**
 - Replacement of support office buildings (Port & Tenant)
 - Stormwater upgrades

Estimated Cost: \$76 million

Schedule:

- Q3 2024: Construction Authorization
- Q2 2024: Construction Begin
- Q4 2025: Construction Complete

Terminal 91 Uplands Development

Scope:

Phase I: Develop 120,000 square feet of industrial buildings to support maritime suppliers and manufacturers. Funding includes utility and infrastructure investments to support Phase II of overall T91 Major Phased Development project.

Estimated Cost:

\$84 million for Phase I Building

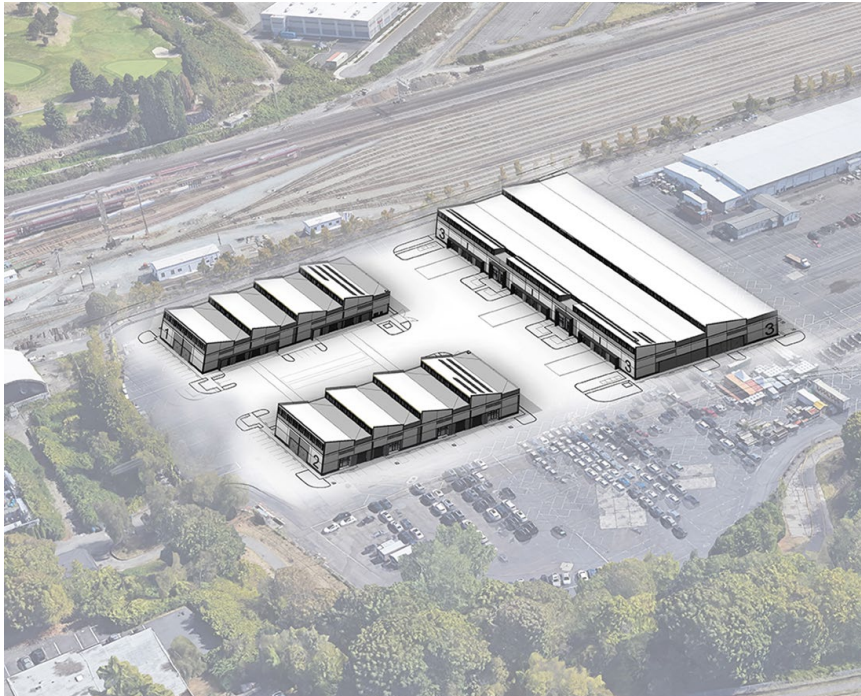
\$10 million for utility infrastructure

Schedule for Phase I:

Q2 2024: Design Complete

Q1 2025: Construction Begin

Q2 2026: Construction Complete





Maritime Innovation Center

Scope: restoration and modernization of the Port’s historic Ship Supply Building into a Living Building Challenge-certified facility with advanced sustainability and resiliency features. The project will create 15,000 square feet of space offering an incubator and accelerator environment in support of maritime innovation. A related project will provide site improvements designed to enhance the experience of users and visitors of the Fishermen’s Terminal facility.

Estimated Cost: \$32.6 million

Schedule:

- Q3 2023: Design Complete
- Q2 2024: Construction Begin
- Q4 2025: Building in-use

P66 Shore Power

Scope: Provide shore power connection for cruise ships while at berth at Pier 66's Bell Street Pier Cruise Terminal. Power to be provided across Terminal 46 via duct bank and then submarine cable in Elliott bay between terminals. Electrical equipment installed at the south end of Pier 66 will distribute the power to the cruise ship connection.

Estimated Cost: \$41 million

Schedule:

Q3 2023: Construction Begins

Q2 2024: System in-use



New Large Projects

- P69 Concrete Dock Rehab (\$27M)
- P66 New Cruise Gangway (\$6M)
- P66 Grand Staircase Replacement (\$8M)
- P69 HVAC System Modernization (\$8M)
- Bell Street Bridge Refresh (\$5.4M)
- T91 Building Demolition (W39,M28,19)* (\$9.1M)
- Salmon Bay Marina Roof Safety* (\$4.5M to \$9.4M)

*Non-Capital Major Expense:

Top Mid-Cap Projects

Fishing & Commercial:

- FT S Wall Improvements: \$4.5M
- Salmon Bay Marina Roof Safety: \$4.5M
- FT W Wall Corrosion Protection: \$4.2M
- FT W Wall Sheet Piling Protection: \$3.1M
- T106 Mooring Dolphins: \$3.5M
- MIC Pier Resurfacing: \$1.3M

Cruise:

- T91 Shore power Extension: \$4M
- P66 Wave Break Protection: \$1.75M

Rec Boating:

- SBM G Dock Rehab: \$3M
- BHM Pile Wraps and Cathodic Protection: \$2.75M
- SBM Fuel Float Rehabilitation: \$2M
- SBM Office Reconfiguration: \$1.8M
- SBM Dock X Pier Replacement: \$1.65M

Portfolio Management:

- FT Site Improvements: \$3M
- FT C15 Bldg Misc Improv: \$2.8M
- T91 Path & Bike Bridge: \$1.5M
- WTC HVAC Replacement: \$4M
- P66 Bridge Elevator Upgrade: \$3.5M
- WTC Garage Elevator Mods: \$2.8M
- WTC-W Roof Replacement: \$2.4M

Facilities:

- P69 Underdock Utility Replacement: \$4.5M
- P69 Clerestory and Skylights: \$3M
- P69 Elevator Control Mod: \$2.4M
- P69 3rd Floor Terrace Repair: \$1.1M

Environmental:

- LED Upgrades: \$4.5M
- Shoreline Habitat Improvements: \$1.7M

Over \$80 million planned in small & mid (up to \$5M projects) over the next 5 years

Key Projects Postponed

- T91 Uplands Phase 2 Buildings: \$204M
- T46 North Pier Structure Replacement: \$75M
- FT Gateway Building: \$60M
- Freshwater Wetland Mitigation: \$40M
- Strategic Opportunity Fund: \$25M

Future Capital Funding Factors

- NWSA projects funded first
- Future funding is affected by:
 - Net income
 - Continuation of tax levy
 - Environmental remediation liability payments
 - Level of other commitments, including community programs and regional transportation contributions

Capital Capacity is Constrained

Next Steps

- ↳ 2024 Tax Levy & Draft Plan of Finance Commission Briefing (10/24)
 - ↳ 2024 Preliminary Budget Document Available to the Commission (10/24)
 - ↳ 2024 Preliminary Budget Document Available to the Public (10/26)
 - ↳ Introduction and Public Hearing of the 2024 Budget (11/14)
 - ↳ Commission Approval of the 2024 ILA between POS and the NWSA (11/14)
 - ↳ NWSA Budget Adoption by Managing Members (11/14)
 - ↳ Adoption of the 2024 Budget (11/21)
 - ↳ Filing of 2024 Statutory Budget with King County Council & Assessor (11/30)
 - ↳ Release of 2024 Budget to the Public (12/8)
-
- Q4 Update – forecast for 2024 spend

Maritime Appendix

2024 Preliminary Budget
October 10, 2023



2024 Maritime Budget Summary

Inclusive of Direct Charges & Allocations from Corporate, & Other Divisions

	2019	2020	2021	2022	2023	2023	2024	Change from 2023	
	Actual	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$	%
\$ in 000's									
Ship Canal Fishing & Operations	3,929	4,704	4,240	4,592	4,555	4,855	4,984	429	9%
Elliott Bay Fishing & Commercial Operations	6,095	5,752	5,618	5,975	5,253	5,453	5,731	478	9%
Recreational Boating	12,484	12,611	12,851	13,978	15,591	15,591	16,468	876	6%
Cruise	22,410	3,824	9,517	30,469	34,445	37,445	41,057	6,611	19%
Grain	4,266	5,142	6,112	5,792	5,814	3,814	5,191	(623)	-11%
Maritime Portfolio Management	10,108	10,074	10,392	10,550	10,192	10,392	12,697	2,505	25%
Other	(3)	4	7	10	24	24	4	(20)	-85%
Total Revenue	59,289	42,111	48,738	71,365	75,875	77,575	86,132	10,256	14%
Expenses									
Maritime (Excl. Maint)	14,287	16,779	14,062	17,706	18,200	18,000	19,787	1,587	9%
Economic Development	5,032	4,549	4,559	5,710	6,366	6,066	6,326	(40)	-1%
Total Direct	19,318	21,329	18,621	23,416	24,566	24,066	26,113	1,547	6%
Maintenance Expenses	12,458	12,353	11,326	13,213	14,087	14,087	14,982	895	6%
Environment & Sustainability	2,331	2,844	1,907	3,120	3,853	3,853	4,802	950	25%
Seaport Finance & Cost Recovery	953	1,072	1,163	1,087	1,342	1,342	1,653	310	23%
Waterfront Project Management	236	1,144	342	1,007	2,489	2,289	3,129	640	26%
Total Support Services	15,978	17,414	14,738	18,426	21,771	21,571	24,566	2,795	13%
IT	2,850	2,888	2,695	3,223	3,725	3,714	4,080	354	10%
Police Expenses	4,387	3,131	3,064	3,662	4,781	4,683	4,929	148	3%
External Relations	1,604	1,242	1,222	1,552	2,045	1,690	2,158	112	5%
Other Central Services	6,188	6,035	7,109	8,908	8,869	8,886	10,140	1,271	14%
Aviation Division / Other	280	318	336	368	363	363	346	(16)	-5%
Total Central Services / Other	15,309	13,614	14,426	17,714	19,783	19,336	21,653	1,870	9%
Total Expense	50,605	52,357	47,784	59,556	66,121	64,974	72,332	6,211	9%
NOI Before Depreciation	8,684	(10,246)	954	11,808	9,755	12,602	13,800	4,045	41%
Depreciation	17,627	17,624	17,718	17,980	17,456	17,456	17,523	67	0%
NOI After Depreciation	(8,943)	(27,870)	(16,764)	(6,172)	(7,701)	(4,854)	(3,723)	3,978	52%
<i>Pension Credit Adjustment Impact</i>	<i>1,960</i>	<i>2,129</i>	<i>6,662</i>	<i>2,396</i>	<i>0</i>	<i>0</i>	<i>0</i>		

*Note 2019 Actual does not include \$2M payment

Total Roll Up

- The 2024 Budget is the closest Maritime Division has been to break-even NOI after Depreciation since the formation of the NWSA.

Cruise Operations

	2022	2023		2024		Incr (Decr)	
		Actual	Budget	Proposed	Budget	Change from 2023	
\$ in 000's					\$	%	
T-91 & Bell St Cruise Operations	30,326	34,330	41,027		6,697	20%	
Bell Street Vessel Operations	143	115	30		(85)	-74%	
Total Revenue	30,469	34,445	41,057		6,611	19%	
Expenses							
Maritime (Excl. Maint)	5,057	6,577	7,054		476	7%	
Economic Development	405	527	581		54	10%	
Total Direct	5,463	7,104	7,635		531	7%	
Maintenance Expenses	2,302	3,007	3,721		714	24%	
Envir Services & Planning	651	723	1,318		595	82%	
Seaport Finance & Cost Recovery	211	308	554		246	80%	
Seaport Project Management	161	357	855		499	140%	
Total Central Services / Other	4,272	4,852	7,689		2,837	58%	
DRS Pension Plan True-up Exp	1,216	0	0		0	N/A	
Total Expense	14,276	16,351	21,772		5,422	33%	
NOI Before Depreciation	16,192	18,094	19,284		1,190	7%	
Depreciation	5,976	5,897	5,782		(114)	-2%	
NOI After Depreciation	10,216	12,198	13,502		1,304	11%	

Compared to 2023 Budget

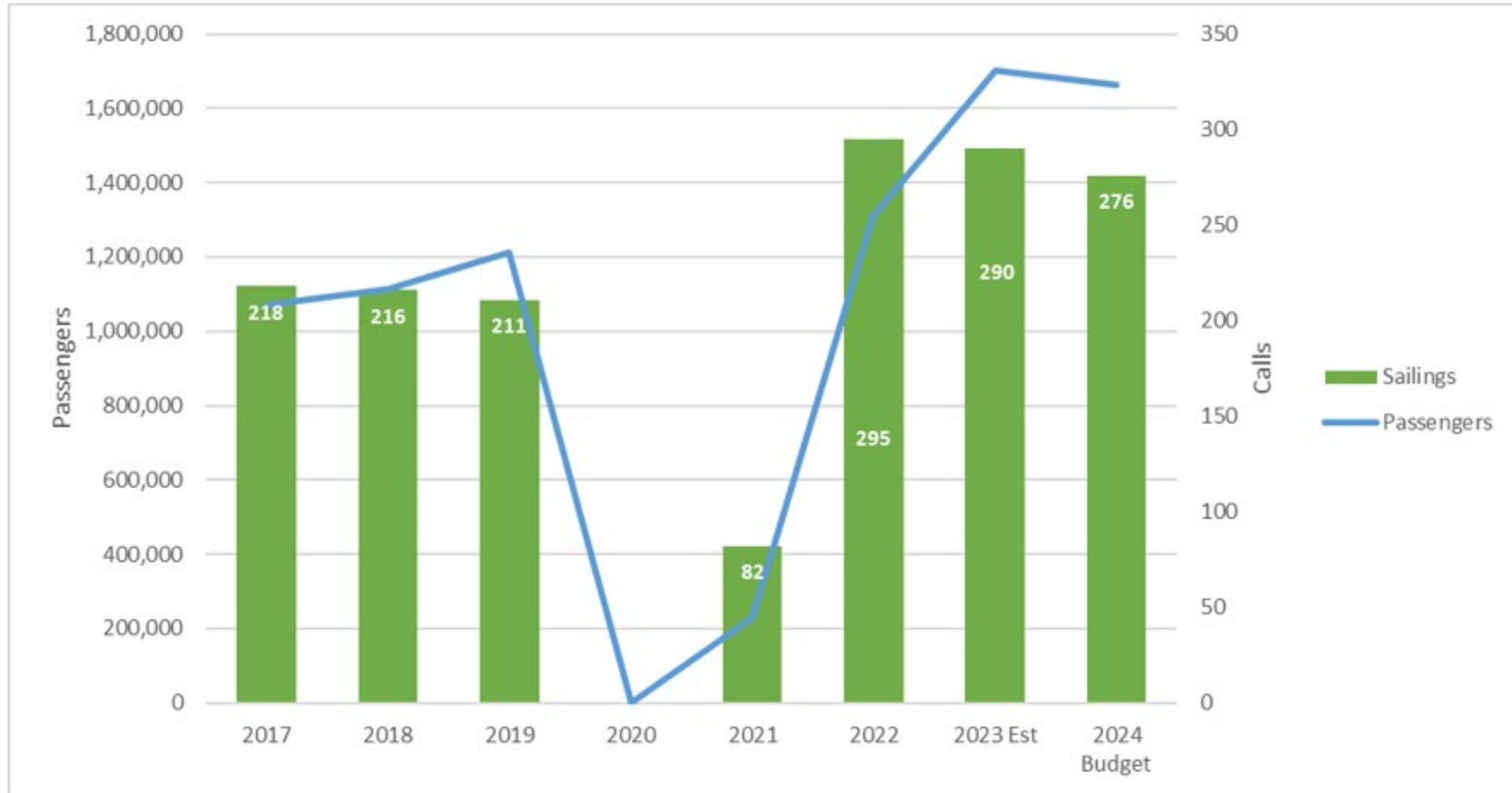
Revenue up \$6.6M / 19%

- Less calls than 2023 but assumes higher occupancy at 100%
- Tariff passenger fee & dockage increases of 6% midweek & 8% weekends

Direct Expenses up \$531K / 7%

- Increased Port Valet & B&O taxes
- Includes NWSA payment for T46 escalated at 2% per agreement

Cruise Sailings and Passengers



Fewer Sailings, Higher Occupancy

Recreational Boating

	2022	2023	2024	Incr (Decr)	
	Actual	Budget	Proposed Budget	Change from 2023	
\$ in 000's				\$	%
Berthage and Moorage & Concession Services	12,768	14,178	15,057	878	6%
Utility Sales Revenue	530	634	599	(35)	-5%
Other Service Revenue	533	588	620	32	5%
Other	147	191	192	1	0%
Total Revenue	13,978	15,591	16,468	876	6%
Expenses					
Maritime (excl Maint)	4,816	5,538	5,846	308	6%
Economic Development	272	319	291	(28)	-9%
Total Direct	5,088	5,857	6,137	280	5%
Maintenance Expenses	3,590	3,406	3,490	84	2%
Envir Services & Planning	457	570	704	134	23%
Seaport Finance & Cost Recovery	207	309	323	14	5%
Seaport Project Management	250	224	370	146	65%
Total Support Service	4,504	4,509	4,887	378	8%
IT	932	1,014	1,051	37	4%
Police Expenses	901	1,175	1,050	(125)	-11%
External Relations	381	486	445	(41)	-8%
Other Central Services	2,170	2,173	2,147	(26)	-1%
Aviation Division/Other	84	83	68	(15)	-18%
Total Central Services/Other	4,469	4,931	4,761	(169)	-3%
Total Expense	14,060	15,297	15,785	488	3%
NOI Before Depreciation	(82)	294	683	388	-132%
Depreciation	3,274	3,200	3,179	(22)	-1%
NOI After Depreciation	(3,357)	(2,906)	(2,496)	410	14%

Compared to 2023 Budget

Revenue up \$876K / 6%

- Shilshole Bay Marina (SBM) rates will increase 7%, 10%, or 12% based on the size of the boats; and we are expecting the occupancy will slightly down -1% in 2024.

Direct Expenses up \$280K / 5%

- Payroll expense up \$199K / 8%
- Security carts budgeted in 2024 at SBM.

Support Services up \$378K / 8%

Central Services down \$169K / -3%

Depreciation down \$22K / -1%

Elliott Bay Fishing & Commercial Operations

	2022	2023	2024	Incr (Decr) Change from 2023	
	Actual	Budget	Proposed Budget	\$	%
\$ in 000's					
Berthage and Moorage & Dockage	3,379	2,939	3,075	136	5%
Space Rental	1,526	1,544	1,615	71	5%
Utility Sales Revenue	781	517	801	284	55%
Other	289	254	240	(13)	-5%
Total Revenue	5,975	5,253	5,731	478	9%
Expenses					
Maritime (excl Maint)	2,986	3,092	3,118	26	1%
Economic Development	104	118	99	(19)	-16%
Total Direct	3,090	3,209	3,217	7	0%
Maintenance Expenses	1,293	1,493	1,471	(23)	-2%
Envir Services & Planning	246	338	356	18	5%
Seaport Finance & Cost Recovery	151	211	229	18	9%
Seaport Project Management	98	264	128	(137)	-52%
Total Support Service	1,787	2,307	2,184	(123)	-5%
IT	393	428	373	(55)	-13%
Police Expenses	452	586	455	(130)	-22%
External Relations	189	240	195	(45)	-19%
Other Central Services	1,065	1,198	947	(251)	-21%
Aviation Division/Other	36	34	24	(10)	-30%
Total Central Services/Other	2,135	2,486	1,994	(492)	-20%
Total Expense	7,012	8,002	7,394	(608)	-8%
NOI Before Depreciation	(1,038)	(2,749)	(1,663)	1,086	39%
Depreciation	3,459	3,308	3,266	(42)	-1%
NOI After Depreciation	(4,496)	(6,057)	(4,929)	1,128	19%

Compared to 2023 Budget

Revenue up \$478K / 9%

- Expecting 5% rate increase for moorage, 10% for service, equipment rental and storage, 3% tariff rate increase 2024.

Direct Expenses up \$7K or flat

- Payroll expenses up \$56K / 8%.

Support Services down \$123K / -5%

Central Services down \$492K / -8%

Depreciation expenses down \$42K / -1%

Ship Canal Fishing & Operations

	2022	2023	2024	Incr (Decr) Change from 2023	
	Actual	Budget	Proposed Budget	\$	%
\$ in 000's					
Berthage and Moorage & Concession Services	3,436	3,398	3,704	306	9%
Space Rental	163	162	172	10	6%
Utility Sales Revenue	172	176	176	0	0%
Other	820	819	932	113	14%
Total Revenue	4,592	4,555	4,984	429	9%
Expenses					
Maritime (excl Maint)	2,620	3,133	3,461	328	10%
Economic Development	52	81	62	(19)	-23%
Total Direct	2,672	3,213	3,523	310	10%
Maintenance Expenses	2,267	2,355	2,312	(42)	-2%
Envir Services & Planning	543	376	387	11	3%
Seaport Finance & Cost Recovery	93	137	136	(1)	-1%
Seaport Project Management	175	712	776	65	9%
Total Support Service	3,078	3,580	3,612	32	1%
IT	416	510	501	(9)	-2%
Police Expenses	398	527	444	(83)	-16%
External Relations	170	268	238	(30)	-11%
Other Central Services	1,093	974	940	(35)	-4%
Aviation Division/Other	36	32	24	(9)	-27%
Total Central Services/Other	2,113	2,311	2,146	(165)	-7%
Total Expense	7,863	9,105	9,282	177	2%
NOI Before Depreciation	(3,271)	(4,550)	(4,298)	252	6%
Depreciation	2,361	2,339	2,319	(21)	-1%
NOI After Depreciation	(5,632)	(6,889)	(6,616)	273	4%

Compared to 2023 Budget

Revenue up \$429K / 9%

- Includes a 5% rate increase for commercial fishing; 7%, 10%, or 12% increase for Recreational Boats based on the size of the boats; and 10% for others.

Direct Expenses up \$310K / 10%

- Payroll expenses up \$219K / 16%
 - A Billing Analyst position budgeted in 2024

Support Services up \$32K / 1%

Central Services down \$165K / -7%

Depreciation expenses down \$21K / -1%

Maritime Portfolio Management

\$ in 000's	2022	2023	2024	Incr (Decr)	
	Actual	Budget	Proposed Budget	Change from 2023 \$	%
Revenue					
Marina Office & Retail	3,444	3,208	3,389	181	6%
Maritime Industrial	4,540	4,194	6,639	2,445	58%
Utilites	2,566	2,791	2,669	(121)	-4%
Total Revenue	10,550	10,192	12,697	2,505	25%
Expenses					
Maritime (Excl. Maint)	1,848	723	716	(7)	-1%
Economic Development	4,776	5,200	5,161	(39)	-1%
Total Direct	6,623	5,924	5,877	(46)	-1%
Maintenance Expenses	3,149	3,633	3,880	247	7%
Environmental & Sustainability	375	466	559	93	20%
Seaport Finance and Cost Recovery	218	313	321	8	2%
Seaport Project Management	277	722	937	215	30%
Total Support Services	4,018	5,134	5,697	563	11%
Total Central Services/Other	3,862	4,278	3,886	(393)	-9%
Total Expense	14,504	15,336	15,460	124	1%
NOI Before Depreciation	(3,954)	(5,143)	(2,762)	2,381	-46%
Depreciation	2,471	2,416	2,407	(9)	0%
NOI After Depreciation	(6,425)	(7,559)	(5,169)	2,389	-32%

Compared to 2023 Budget

Revenue up \$2,505K / 25%

- New rent at T106 warehouse ground lease starts April 2024.

Direct Expenses down \$46K / -1%

Support Services up \$563K / 11%

Central Services down \$393K / -9%

Depreciation down \$9K/ -.3%

Note: \$126K is deducted from total revenue due to data entry correction needed in AI

Grain Terminal

	2022	2023	2024	Incr (Decr)	
	Actual	Budget	Proposed Budget	Change from 2023	%
\$ in 000's				\$	%
Lease Revenue	5,792	5,814	5,191	(623)	-11%
Total Revenue	5,792	5,814	5,191	(623)	-11%
Expenses					
Maritime (Excl. Maint)	208	434	305	(129)	-30%
Economic Development	41	61	71	10	17%
Total Direct	250	496	376	(119)	-24%
Maintenance Expenses	215	160	95	(65)	-41%
Envir Services & Planning	72	106	244	138	131%
Seaport Finance & Cost Recovery	44	64	89	25	40%
Waterfront Project Management	40	205	47	(157)	-77%
Total Support Services	371	533	475	(58)	-11%
IT	98	115	148	33	29%
Police Expenses	189	248	293	45	18%
External Relations	80	102	124	22	21%
Other Central Services	449	444	597	152	34%
Aviation Division / Other	11	13	15	2	14%
Total Central Services / Other	827	922	1,176	254	28%
Total Expense	1,447	1,951	2,027	77	4%
NOI Before Depreciation	4,344	3,863	3,164	(699)	-18%
Depreciation	299	282	228	(54)	-19%
NOI After Depreciation	4,045	3,581	2,936	(646)	-18%

Compared to 2023 Budget

Revenue down \$86K / -1.5%

- Based on preliminary forecast from Louis Dreyfus Company.

Direct Expenses down \$119K / -24%

Support Services down \$58K / -14%

Central Services up \$254K / 28%

Depreciation Down \$54K / -19%

Waterfront Project Management 2024 Major Initiatives

- 1. ED Priority: Institute structure and resources for strong project delivery to meet or exceed KPIs.**
 - I. Deliver 75% of projects on or under budget measured against baseline by EOY 2024
 - II. Deliver 60% of projects on or ahead of schedule measured against baseline by EOY 2024.
 - III. Achieve 80% execution rate measured against Q4 cashflows by EOY 2024.
 - IV. Achieve 50% of Key Milestones.

- 2. Develop new Project Delivery Process Manual (PDPM).**
 - I. Procure and onboard consultant resource by Q1 2024.
 - II. Complete new PDPM by EOY 2024.

- 3. Standardize the use of Primavera P6 for scheduling of all major projects by EOY 2024.**

- 4. Complete NEXUS (project management information system) implementation for major projects by EOY 2024.**

- 5. EDI Goal: Implement new process (developed in 2023) for all IDIQ solicitation issued in 2024 to increase WMBE participation on consultant professional services contracts.**

2024 Equity in Budgeting

1. Did you have difficulty spending your budgeted equity dollars in 2023? And if so, why?
 - In 2023 in Maritime budgets, equity dollars were focused on increasing WMBE utilization, community outreach and sponsorships that include workforce development. Additional funds were added to support EDI trainings for staff.
 - At the division level there was not difficulty spending budgeted equity dollars, however, some of our items are slightly behind schedule including our Parks strategy outreach, which will occur in Q4 and into 2024.

2024 Equity in Budgeting

2. In your 2024 budget, how did your Division choose to prioritize equity programs with the available budget?

- At the division level, we prioritized equity programs by ensuring equitable opportunities for travel/training/development across all departments, and within individual departments, travel/training/development opportunities are distributed equitably amongst staff year over year.
- Additionally, we prioritized community outreach for important upcoming items such as Parks, with a focus on He?apus Village Park. We increased funds for sponsorships that increase community investments/workforce development/engagement and environmental justice. A major priority will be furthering our work with Green Corridor and we've added \$150k in funds to support this important effort.
- Teams are focused on increasing WMBE spend and will include a new process for IDIQ solicitation to increase WMBE participation on consultant professional services contracts, and also utilizing WMBE vendors for our marketing services and food procurement where possible.

2024 Equity in Budgeting

3. How did you engage with staff and/or community during the 2024 budget process?
 - In Maritime we regularly engage staff through our business planning and budget planning process to determine priorities for the coming year. We incorporated Change Team members into our business planning process to ensure we were reviewing our business plan with an equity lens. In regards to budgeting, several teams weigh into the budget process throughout the budget season.
 - We partner with the community in a variety of ways to obtain feedback that contributes to our budgets each year and influences decisions.
 - Teams held outreach at Hub during Duwamish River Festival to focus on parks long term strategic planning.
 - Work with external stakeholders to determine their needs in order to be more engaged in our budgets.
 - Maritime Youth Career Launch with Workforce Development work continued – total of \$4M, selected two companies to manage this funding for workforce development – 3 year funding program.

Equity in Budgeting

4. What new items have you added related to Equity, Diversity, and Inclusion in your 2024 budget (new requests and baseline budget)?

- In Maritime teams added new training/development opportunities for staff, sponsorships that support workforce development, memberships that further equity, dollars that will be dedicated to WMBE businesses, funding for EDI certification for team members, and additional funds for community engagement regarding our parks.
- Japan CPI/Cultural Tour additions for multiple teams that include represented and operations staff.
- Continued funding for: training and travel to the Blacks In Government (BIG), National Training Institute; Center for Creative Leadership; Pacific Coast Congress; Alaska Association of Harbor Masters and Port Authorities; and the Northwest Marine Terminal Association.
- Added funds to procure BIPOC artist for mural project.

Economic Development Appendix

2024 Preliminary Budget
October 10, 2023



Port
of Seattle®

Economic Development Division Advances Century Agenda

Century Agenda Goal	Department & Initiatives	Key Metrics
<p>Advance this Region as a Leading Tourism Destination and Business Gateway</p>	<p>EDD Tourism Department</p> <ul style="list-style-type: none"> • International Tourism Promotion • Promote Air Travel and Cruise/Stay • Tourism grant programs 	<ul style="list-style-type: none"> • Passenger enplanement increases • Out of state visitor \$ spend
<p>Become a Model for Equity, Diversity and Inclusion</p>	<p>EDD Diversity in Contracting</p> <ul style="list-style-type: none"> • Diversity in Contracting • WMBE/DBE Outreach • WBE/DBE Technical Assistance 	<ul style="list-style-type: none"> • WMBE/DBE % Utilization • # WMBE/DBE firms utilized
<p>Be a Highly Effective Public Agency</p>	<p>EDD Real Estate</p> <ul style="list-style-type: none"> • Maritime/EDD property and lease management • Real Estate Development • Pier 69 HQ Management 	<ul style="list-style-type: none"> • Property acquired/redeveloped • Exceed energy efficiency goals • Property occupancy %
<p>Responsibly Invest in the Economic Growth of the Region and all its Communities</p>	<p>EDD Partnerships & Innovation</p> <ul style="list-style-type: none"> • City ED Partnership Grants • Duwamish partnership • Innovation Initiatives 	<ul style="list-style-type: none"> • # small biz receiving assistance through partners • # of emerging maritime, wmbe, and export companies assisted

Equity in Budgeting Questions

1. Did you have difficulty spending your budgeted equity dollars in 2023? And if so, why?

- no

2. In your 2024 budget, how did your Division choose to prioritize equity programs with the available budget?

- We developed Department SWOTs with an equity lens that became the basis for establishing department and Executive Director priorities that advance DEI. These goals became the basis for identifying and supporting equity related investments in our 2024 budget.

3. How did you engage with staff and/or community during the 2024 budget process?

- Staff within the Division helped establish SWOTs with an equity lens and discussed and helped develop 2024 equity goals. Our division has ongoing touchpoints with the community surrounding our programs and projects that help inform our priorities and budget. When new programs are created, we engage heavily with the community and staff across the Port to get input on key budget requests (ex. Community business connector initiative)

4. What new items have you added related to Equity, Diversity, and Inclusion in your 2024 budget (new requests and baseline budget)?

- We are adding an FTE to the Diversity in Contracting Department to create an Ombudsmen position that can support WMBE and DBE businesses working on Port projects.
- We are also proposing to add a new round of tourism grant funding that caters to smaller organizations that need more time and help to submit applications. We are also adding specific equity evaluative criteria to our tourism grant program so more emphasis is placed on responsible and inclusive tourism

EDD Summary

	2019	2020	2021	2022	2023	2023	2024	Incr (Decr)	
\$ in 000's	Actual	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	Change from 2023	
								\$	%
Revenue	8,912	7,808	7,384	8,886	9,722	10,022	10,386	664	7%
Conf & Event Centers	12,239	1,662	1,910	8,848	12,479	10,879	11,156	(1,323)	-11%
Total Revenue	21,151	9,470	9,294	17,734	22,201	20,901	21,542	(659)	-3%
Expenses									
Portfolio Management	3,806	3,143	3,737	3,653	3,905	3,680	3,917	12	0%
Conf & Event Centers	10,218	4,440	3,124	6,563	10,769	9,537	9,602	(1,167)	-11%
P69 Facilities Expenses	249	268	268	230	221	221	225	5	2%
RE Dev & Planning	152	230	231	299	294	294	249	(45)	-15%
EconDev Expenses Other	963	974	736	1,058	900	900	1,058	159	18%
Maintenance Expenses	3,155	3,055	3,769	3,836	3,303	3,253	4,024	721	22%
Maritime Expenses (Excl Maint)	1,088	1,117	862	1,263	1,811	1,736	1,897	86	5%
Total EDD & Maritime Expenses	19,631	13,227	12,727	16,902	21,203	19,621	20,973	(230)	-1%
Diversity in Contracting	198	162	253	186	250	250	250	0	0%
Tourism	1,374	991	1,877	1,737	1,830	1,830	1,875	45	2%
EDD Grants & Innovation	785	778	889	105	1,450	1,450	1,505	55	4%
Total EDD Initiatives	2,357	1,931	3,019	2,028	3,530	3,530	3,630	100	3%
Environmental & Sustainability	29	33	24	35	83	67	108	25	30%
Police Expenses	224	215	205	240	258	250	289	31	12%
Other Central Services	5,486	5,815	4,408	4,848	4,938	4,813	5,471	533	11%
Aviation Division	114	161	177	147	138	138	131	(7)	-5%
Total Central Services & Aviation	5,853	6,225	4,814	5,270	5,417	5,268	5,999	582	11%
Total Expense befor Pension Adj.	27,841	21,382	20,560	24,200	30,149	28,418	30,602	453	2%
Pension Expense Adjustment	(703)	(771)	(2,396)	(695)				0	NA
Total Expense	27,137	20,611	18,164	23,505	30,149	28,418	30,602	453	2%
NOI Before Depreciation	(5,986)	(11,141)	(8,870)	(5,771)	(7,948)	(7,517)	(9,060)	(1,111)	-14%
Depreciation	3,647	3,611	3,841	3,954	3,982	3,982	4,024	42	1%
NOI After Depreciation	(9,633)	(14,752)	(12,711)	(9,725)	(11,930)	(11,499)	(13,084)	(1,153)	-10%